

# The NATIONAL UNDERWRITER



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## "WESTERN AND SOUTHERN GROUP"

LIFE—

INDEMNITY

—FIRE

CINCINNATI, OHIO

Charles F. Williams, President

DEPENDABLE INSURANCE SINCE 1863

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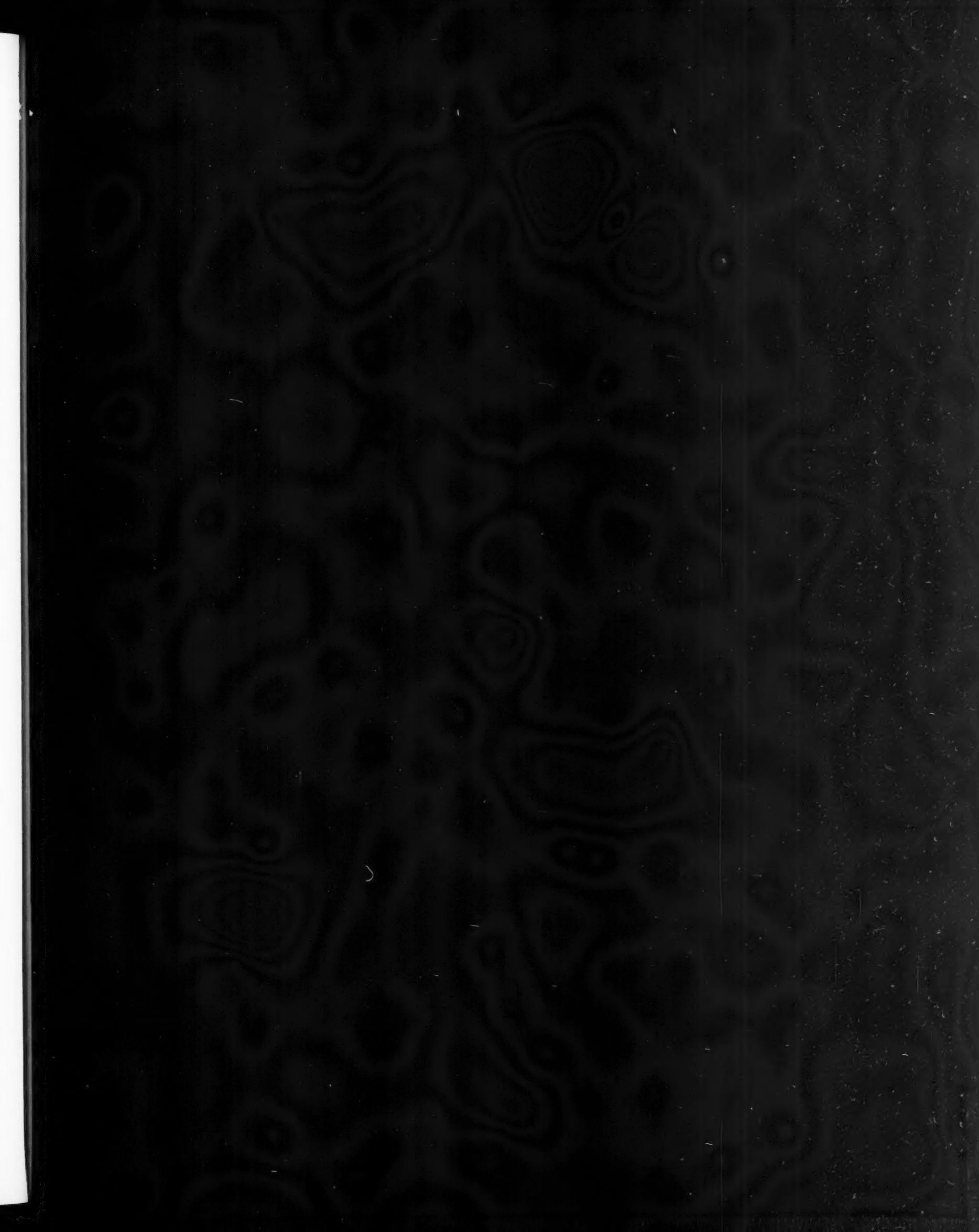
STRENGTH  
PERMANENCE  
STABILITY

*Fire · Automobile · Marine · Casualty · Fidelity · Surety*

## **FIREMAN'S FUND GROUP**

*Fireman's Fund Insurance Company — Occidental Insurance Company  
Home Fire & Marine Insurance Company  
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# The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

Thirty-Ninth Year—No. 38

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## Branch Offices to Be Discussed

Foremost Question Before the National Agency Association Convention

### SEEK AN EQUALITY BASIS

Hope that an Amicable Adjustment Can Be Made With the Insurance Companies

Prominent among the subjects to be taken up in executive session by the National Association of Insurance Agents when it meets in Rochester, N. Y., next week will be that of the branch offices.

Not only will this irritating subject be discussed, but the National association this year will take definite action in the matter, it is predicted.

The agents, it is said, will insist that the companies operate the branch offices at an expense no higher than the rate of commission paid the commission agents. The agents contend that the branch offices cost the companies considerably more than the commission scale and that as a result the agents are unable to compete on an equal basis for brokerage business with the branch offices.

#### Want an Equal Footing

The agents insist that all that they ask is merely a chance to compete on an equal footing with the branch offices. However, it is no secret that many agents believe that the companies cannot profitably operate branch offices if the expenses are limited to the amount of the agents' commission.

The agents will also take exception to the oft heard argument that they will not go after the small risks. They contend that such an argument is foolish on the face of it. That, furthermore, the public has been educated to the need for fire insurance and that the average householder need not be solicited for this coverage.

#### Companies May Agree

It is felt that there is a strong possibility that the companies will agree to the agents' branch office demands. It was pointed out that one of the large fleets offered such a compromise several years ago, even going so far as to offer to pay the expenses of the auditors, who were to be selected mainly by the agents.

In any event, it is certain that the branch office question will be a big one next week. Agents and company officials, alike, are hoping that it will be settled.

#### Culver Director of Home Life

B. M. Culver, president of the America Fore, has been elected a director of the Home Life of New York.

### Program Features for the Big Rochester Convention

#### SECRETARIES TO HAVE RALLY

Many Entertainment Events for the Women Visitors Will Be Varied and Interesting

At the meeting of the National Association of Insurance Agents at Rochester, N. Y., next week the executive secretaries and managers of state associations and local boards will have a meeting Monday at 10 a. m. It was originally scheduled as a joint meeting but now there will be two groups assembling in adjoining rooms. The state association executive secretaries will meet in one room and in another the local board secretaries. In some cases the officials act jointly and in that case they can go from room to room.

The executive session will be held Monday afternoon. Roy A. Duffus of Rochester is chairman of the entertainment committee of the local agents. The members of the executive committee, National association officers, Rochester Board officers and executives of the New York State Association of Local Agents will be entertained by the state body Sunday evening at a dinner. The New York association will maintain special headquarters at the Hotel Seneca. There will be a smoker in the evening and a buffet supper in the hotel dining room under the auspices of the Rochester Board. There will be a complete floor show from a night club. The get together dinner will be held Tuesday evening when the main speaker will be Harper Sibley, president United States Chamber of Commerce. The Rochester Board will provide music and professional entertainment coming from Eastman's School of Music of the University of Rochester.

The annual grand ball will be held Thursday evening. There will be specialty dance numbers by professionals. There will be a golf tournament at the Oak Hill Country Club Friday afternoon. G. T. Amsden is chairman of the sports committee. In addition to Oak Hill other clubs will be available.

Mrs. F. L. Greeno is chairman of the ladies' committee. On Monday afternoon there will be a garden party and tea at the home of Mrs. Carl Hennrich on Sandringham Drive, Brighton. In the evening there will be a theater party for the ladies.

On Tuesday morning the women will

### Commissioners Group Meets in Conference at Memphis

#### TWO COMMITTEES ANNOUNCED

President Sullivan Met with Thirteen Southern Officials to Talk Over Taxation Subject

MEMPHIS, TENN., Sept. 18.—National President Sullivan of Insurance Commissioners Convention met with 13 southern commissioners here to discuss with them the matter of taxation. The commissioners apparently reached a very constructive decision and appointed committees to report to the convention at the New York December meeting. President W. Sullivan was well pleased with the constructive program adopted by the southern states on the matter of examination of companies. While he did not give out a public statement on the matter of examinations he did announce his appointment of two of the most important committees of the national convention of insurance commissioners. They are as follows: examinations: Read, Oklahoma; Holmes, Montana; Tobin, Tennessee; Hunt, Pennsylvania; Bates, Idaho; Gough, New Jersey; Earle, Oregon; Murphy, Iowa; Blackall, Connecticut; O'Malley, Missouri; Ketcham, Michigan; Boles, Virginia; Julian, Alabama. Valuation of securities: Pink, chairman, New York; McClain, Indiana; Gentry, Arkansas; Gough, New Jersey; Carpenter, California; Boney, North Carolina; Earle, Oregon; Hunt, Pennsylvania; Palmer, Illinois; Smith, Jr., Utah.

be given a sight seeing drive around the city, ending at the Rochester Yacht Club for luncheon. At noon Wednesday the women will be given a luncheon at the Oak Hill Country Club and a bridge party will follow. On Thursday afternoon there will be a style revue and tea in the Odenbach coffee shop.

#### Minnesota Conference Called

ST. PAUL, MINN., Sept. 18.—Commissioner Yetka of Minnesota has set Sept. 26 as the date for a conference with representatives of companies affected by his recent order of short rate term fire policies. There has been considerable confusion as to how the order affects certain companies which have been writing policies of that kind and the conference was called to clear up these differences.

## Special Ohio Agents' Meet Insert

The Ohio Association of Insurance Agents held its annual meeting in Columbus this week. There is a special insert in this issue on pages 32 to 37 giving full details of the gathering. In addition to the regular talks, the high lights of the gathering are reported by Howard J. Burridge for The National Underwriter.

A marked increase in membership and activities has been shown by the Ohio association during the past year, there now being 881 member agencies with the organization headed for a goal of 1,000 by the end of the year.

## Western Men Take Up Main Problems

Governing Committee W. U. A. Deals With a Number of Current Questions

### HAD MEETING AT HERSHEY

Suggestion Made That Two Rates of Commission Be Applied to Supplemental Contract

#### By GEORGE A. WATSON

HERSHEY, Pa., Sept. 18.—Matters dealt with in the report of the Governing Committee submitted by its chairman, J. C. Harding, Springfield F. & M., at the initial session of the semi-annual meeting of the Western Underwriters Association here, immediately following the address of President E. A. Henne, dealt in turn with installment payment of premiums: Classification of premiums under the supplemental contract; competition of mutual and non-stock companies; the long form mortgage clause, sprinklered risks not eligible for superior classification and the question of commissions under the additional hazard supplemental contract. Another high light of the session was the report of the committee on loss adjustments in Cook County and that on cooperation in loss adjustment practices: C. R. Street being chairman of both bodies. Other reports offered were those of the committees on arbitration, grievance, finance, and Chicago respectively.

#### Provision for Premium Payment

At the meeting last April the governing committee was directed to provide facilities with which to meet the needs of property owners unable to secure term coverage under the rule requiring the whole premium in a single payment. Kansas, Minnesota, Missouri, Ohio, Oklahoma, Tennessee and Wisconsin prohibit division of the term premium into prorate amounts payable annually during the term of the contract: While Illinois, Iowa, Michigan, Minnesota, Nebraska, Wisconsin and the Dakotas sanctioned the prorate term rule, applicable to defined non-profit classes, as to three year business for coverage in three equal amounts under separate policies for terms of one, two and three years at pro rata of the term premium. In Indiana, Kansas, Kentucky, Missouri, Ohio, Oklahoma and Tennessee the former term rule continues to apply.

#### Claims It Is Actuarial Problem

In the opinion of the Governing Committee the method to be employed in the classification of premiums under the supplemental contract is an actuarial question and if uniformity in such connection be desired it could doubtless be worked out by the actuarial committee on the National Board.

Sentiment on the part of local agents, it was held, increasingly favors clear

(CONTINUED ON PAGE 45)

## Return to Original Purposes Is Urged

K. H. Bair Blames Plethora of Bureaus and Pools for Lack of Conference

### CRITICISES ONLY ABUSES

National Association Executive Committee Chairman Addresses Pennsylvania Association Gathering

Return to original purposes by the many company pools, bureaus and other organizations which are serving in many instances as a "smoke screen" between companies and agents, was recommended by K. H. Bair, chairman executive committee National Association of Insurance Agents, in his talk at the annual meeting of the Pennsylvania Association of Insurance Agents in Pocono Manor, as an essential step in solving one of the greatest problems which confront the business as a whole.

Mr. Bair said there is nothing original about the statement that most of the disturbances are attributable to the intervention of scores of boards, bureaus and pools, cutting off the underwriter in the home office from his agent in the field, setting down inelastic rules and regulations by which he is pledged to abide, and in many cases serving as a smoke screen behind which he may hide and through which the agent cannot penetrate.

#### Concerned Only Over Abuses

"It is not with the use of such pools that our complaint lies," Mr. Bair said, "but in the abuse of their just powers. Complexity increases through multiplication of company pools and bureaus, governmental activities, mass production, demands of state and congressional legislation. It is a singular thing that a business as honorable as our own, with its sound and solvent companies and its earnest, aggressive agents should be harassed as they are. We have free choice in selection of our principals and they have free choice in the appointment of their agents, but the perfect partnership which should be the result is not always in evidence."

"The company pools are not new, but they are increasing with the general trend of all business to centralize."

Mr. Bair said undoubtedly some of the pools were children of necessity. Even the organized agents felt called on to approve the Stock Company Association for writing the business of the Home Owners Loan Corporation.

#### Keep Interests Apart

"I believe you will agree," Mr. Bair said, "when I say that no matter how sincere was the purpose for which many of these bureaus were formed, they have served to separate the home office from the agent, and to destroy the close contact which alone makes the background of truly harmonious relations."

"All of us recognize that many of the company bureaus serve a useful purpose in some respects, but it is my firm belief that the definitive answer to establishment of more harmonious company-agency relations is to confine them to their original purposes, and blow away the smoke screen that we may meet each other face to face and solve our difficulties together."

Mr. Bair said that he could then vision two developments that would tend to lead the business to a more tranquil future, agreement on contingent commissions and consolidation of allied

(CONTINUED ON PAGE 14)

### Rose from Minor Clerk to Company President



CHARLES H. YUNKER

Charles H. Yunker, 71, retired president of the Milwaukee Mechanics and a past president of the Western Insurance Bureau, died at his home in Milwaukee.

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### Commissioner of Minnesota Clarifies Order on Ratings

#### IMPROPER USE IS EXPLAINED

Yetka Says His Ruling Was to Prohibit Use of Ratings by Twisters

ST. PAUL, Sept. 18.—Asserting that his statement in no "way or manner changes or modifies" his original order regarding the use of private ratings of insurance companies, Commissioner Yetka of Minnesota has issued an explanatory statement of his order on the subject.

This latest statement, the commissioner says, was prompted by communications indicating that his original order "has been misinterpreted." The explanatory statement also follows a series of conferences with Alfred M. Best and Raymond Smith of the Alfred M. Best Co., who protested the original order and threatened to bring an action in federal court to enjoin the commissioner from enforcing it.

"The purpose of this department," the statement declared, "is to prohibit only the improper, unscrupulous and unlawful use of printed matter of any kind by insurance agents or companies in the solicitation of business, under penalty of revocation of license.

(CONTINUED ON PAGE 14)

## THE WEEK IN INSURANCE

Western Underwriters Association held its annual meeting at Hershey, Pa., this week.

Page 1

One of the foremost subjects to come before the National Association of Insurance Agents at its convention next week is the **operation of branch offices**.

Page 1

Commissioner Yetka of Minnesota issues statement, "clarifying" his order against improper use of ratings of insurance companies by private agencies.

Page 2

J. A. Reid, superintendent automobile department at the head office of the New York Underwriters, in a talk before the New Jersey agents points out the opportunity of agents to reclaim **automobile finance business**.

Page 44

Commissioner O. B. Hunt of Pennsylvania, in a talk before the Pennsylvania Association of Insurance Agents, holds out for **higher standards of salesmen**.

Page 30

Federal government seeks to tax **California state compensation fund** employees on the ground that it is not a part of state government.

Page 39

E. A. Henne, president Western Underwriters Association, in his presidential address comments on the highights of the day.

Page 4

Col. H. P. Dunham tells Insurance Advertising Conference company publicity men can greatly help in fostering return to sound economics and reign of reason.

Page 39

Annual meeting of the **New Jersey Association of Underwriters** brings out enthusiastic gathering.

Page 3

**Plea for defense of constitution** to protect interests of institution of insurance made at Philadelphia annual meeting of National Association of Mutual Insurance Agents.

Page 12

**Return to original purposes** by company bureaus and pools termed essential in securing smooth company-agency cooperation, by K. H. Bair at Pennsylvania agents meeting.

Page 2

Alfred M. Best in a talk before the Insurance Advertising Conference gave his views on how honest advertising can combat the menace to sound insurance.

Page 4

**Pennsylvania Association of Insurance Agents** gets much accomplished at annual meeting in Pocono Manor Inn.

Page 2

C. H. Yunker, former president of the Milwaukee Mechanics, died last week.

Page 2

Entertainment features for the convention of the **National Association of Insurance Agents** at Rochester, N. Y., are announced.

Page 1

Commissioner Holmes of Montana, who is president of the **Western Commissioners Conference**, tells something about its plans.

Page 10

**Long haul truck risks** being considered with caution by companies under new California law; Bureau companies require rigid safety program.

Page 42

**Testimonial dinner** in New York tendered L. A. Watson, manager Schedule Rating office of New Jersey, draws over 1,000 persons, including many insurance notables.

Page 3

**Appraisal as check on overinsurance** urged by F. A. Tector, analyst, at annual meeting of New Jersey Association of Underwriters.

Page 10

**Strong agency qualification law** giving insurance superintendent great power is passed by Alabama legislature.

Page 12

**National Hoodoo Day** accident and health sales campaign on Sept. 13 proves only successful.

Page 40

Clarence A. Palmer of the North America was reelected president of the **Insurance Advertising Conference** at its annual meeting at Rye, N. Y.

Page 39

F. K. Hoehler, **Cincinnati safety director**, tells Cincinnati Casualty & Surety Association how payroll robberies could be reduced.

Page 41

**Fire losses** for the first eight months show \$173,891,220 as compared with \$197,161,693 for the same period a year ago.

Page 18

Henry Swift Ives gave a talk in Long Island on **compulsory automobile insurance**.

Page 40

The **American Mutual Alliance** published some interesting statistics.

Page 4

**Sun of London** sends out facsimile of an old policy it issued in 1716.

Page 8

W. A. Sullivan, insurance commissioner of Washington, and president of the **Insurance Commissioners Convention**, met with 13 southern commissioners at Memphis this week to discuss the matter of taxation.

Page 1

## Pennsylvania Meet Accomplishes Much

Agents Association Has Record Attendance at Pocono Manor Annual Sessions

### HENRY REELECTED HEAD

Proposal to Revise Workmen's Compensation Manual, Increase Classifications, Results in Controversy

#### NEW OFFICERS ELECTED

President—James W. Henry, Pittsburgh.

Vice-presidents—W. R. Roberts, Bethlehem; Paul Ancona, Reading.

Treasurer—E. D. Thomas, Scranton.

Secretary-Manager—F. D. Moses, Harrisburg.

Directors—H. M. Albert, Stroudsburg; R. H. Alexander, Pittsburgh; J. W. Barr, Oil City; U. S. Bond, York; P. M. Douglas, Bradford; H. H. Hood, Washington; H. H. Kennedy, Philadelphia; G. H. Lindquist, Tarentum; Quincey McBride, New Castle; J. C. McCarthy, Pittsburgh; W. C. McCormick, Williamsport; N. B. McCulloch, Lancaster; I. D. McQuiston, Erie; C. T. Monk, Philadelphia; W. L. Nicholson, Altoona; J. K. Payne, Philadelphia; C. C. Kohne, Pittsburgh; Henry Schmid, Wilkes-Barre; W. R. Thomas, Pittsburgh; W. F. Wingett, Scranton.

With the largest attendance in its history, the annual convention of the Pennsylvania Association of Insurance Agents, held at picturesque Pocono Manor Inn in the heart of "Pennsylvania's Playground," recorded many achievements. Confronted at the outset with several knotty problems, the convention tackled—and solved—very question raised, either in committee or on the convention floor. And when the old-and-new president, J. W. Henry, announced adjournment, the convention had taken the following definite action:

#### Clean Up Many Matters

Adopted the "all-in-all-out" rule.

Appointed a conference committee to deal with the Eastern Underwriters Association in securing a contingent commission for agents in the Pennsylvania "ordinary territory."

Appointed a committee to work with companies on insurance legislation, especially to secure an agents' qualification law in the next session of the legislature.

Turned over to a committee the task of drawing up a standard automobile liability and property damage policy to be presented to the National Bureau of Casualty & Surety Underwriters with recommendation it be adopted in Pennsylvania to offset cut-rate competition.

Referred the Philadelphia rating situation to the board for study and action; also the question of automobile financing and the matter of Philadelphia trust companies soliciting insurance on buildings and homes on which they hold mortgages.

#### Compensation Proposal

There was only one subject not settled to the complete satisfaction of all concerned. It was raised at the final session, resulting in a fight. This was the revising of the workmen's compensation manual and the enlarging of classifications.

The battle started after reading of a paper by A. S. Galland, of Wilkes-Barre.

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## New Jersey Agents Hold Annual Meet

Association Elects Schmults of Ridgewood to Succeed Stults as President

### WATSON IS A SPEAKER

Resolutions Adopted Authorizing Three Trustees, Creation of Endowment Fund; No Controversies

#### NEW OFFICERS ELECTED

President—Edward M. Schmults, Ridgewood.

Secretary-Treasurer—Alan V. Livingston, Englewood (reelected).

Executive committee—H. A. Faunce, Atlantic City, chairman; C. E. Meek, Jr., Paterson; C. S. Stults, Hightstown; H. D. Holmes, Summit; T. S. Brown, Perth Amboy; B. C. Conklin, Newark; D. S. Schenck, Jersey City and R. H. Aaronson, Jr., Bordentown.

Vice-Presidents (one from each county)—Atlantic, William Wilson; Bergen, J. F. Nielson; Burlington, H. F. Stockwell, Jr.; Camden, W. B. Hamilton; Cape May, R. E. Darby; Cumberland, C. R. Reeves; Essex, F. B. Heller; Gloucester, W. A. Cury; Hudson, Mrs. James Nolan; Hunterdon, C. A. Roger; Mercer, J. S. Striker; Middlesex, G. W. Miller; Monmouth, E. S. Snyder; Morris, W. G. Hurtzig; Ocean, T. W. Speck; Passaic, Alfred Sinn; Salem, G. W. Acton; Somerset, T. D. Van Syckle; Sussex, W. R. Sprague; Union, B. B. Miller; Warren, A. B. Craig.

#### By GEORGE A. WATSON

Apart from the election of officers for the new year, action taken at the annual meeting of the New Jersey Association of Underwriters in New York City included adoption of two resolutions, one authorizing appointment by the president of three trustees to handle the endowment fund intended eventually to warrant employment of a full time secretary, and the other increasing by three membership of the executive committee, in order to give broader territorial representation. The trustees to be named for the endowment fund will be chosen respectively for one, two and three year periods.

#### Good Underwriting Conditions

No controversial issues were raised at any of the sessions. General underwriting conditions throughout the state, according to the address of President Stults and reports of the executive committee and other committees, apparently being satisfactory in the main.

Discussion was devoted in large part to consideration of automobile finance business and to action of the New Jersey Medical Society in favoring the placing of motor coverage by members with a cut-rate casualty agency of Newark.

L. A. Watson, manager Schedule Rating office of New Jersey, gave an informative talk on the recent rule of his office regarding writing farm and un-protected property in the state, and explained rate trends in New Jersey.

The medical society, it was reported, had succeeded in diverting at least 12,000 cars to a non-tariff carrier. In some sections of the state agents made clear to medical men that if socialization of their profession was desired, the agents would offer no obstacle. This view gave the doctors, who are seriously wrought up just now over the move for

(CONTINUED ON PAGE 16)

### New Jersey Head



EDWARD M. SCHMULTS

Edward M. Schmults, now president of the New Jersey Association of Underwriters, is secretary and treasurer of the Ridgewood, N. J. real estate and insurance agency firm Walstrum, Gordon & Forman, with which he has been identified since 1920. He is a past president of the Bergen County Association of Insurance Agents, and is an officer and director of the Bergen County Building & Loan League, the Glen Rock Building & Loan Association, the North Bergen Co. of Ridgewood.

### Omaha Organizations Meet in Joint Field Day Sept. 21

A radical departure in the usual field day celebrations will be observed Sept. 21 by more than 100 agents and representatives of the Omaha Association of Insurance Agents, Casualty & Surety Club of Omaha, Casualty Claim Men's Club and Blue Goose at an eating on the Dresher Brothers farm, ten miles west of Omaha. There will be a baseball game, horseshoe pitching, croquet and live turtle race. A dinner will be held in an old street car, transplanted to the farm, followed by cards. Chairman of the stag affair is Hughes McCoy of Byron Reed Co., assisted by T. H. Maenner of the T. H. Maenner Co., William Bock, Fidelity & Deposit; Charles Haatanen, National Bureau of Casualty Underwriters, and Earl Newberger, Hartford Fire.

### East Views Middle West

NEW YORK, Sept. 18.—Fire business throughout the central west, head office executives declare, is "spotty," although on the whole generally satisfactory. Oklahoma has suffered from the drought, while on the other hand sections of Missouri and Nebraska were hard hit through excessive rains. Throughout the northwest a spirit of optimism on the part of farmers is said to obtain. The same holds with respect to industrial managers, notably in Illinois and Minnesota. Premiums are holding up fairly well with losses moderate. Collections, however, have tightened up of late from the territory, though why this should be true managers are at a loss to determine.

The separation movement against agencies representing mutuals and non-organization companies in Kansas is proceeding quietly, the state now falling into line in this respect with other territory under association jurisdiction, where the separation program applies.

Fred A. Hubbard, president of the Globe & Rutgers Fire, has been on a Florida trip.

## Testimonial Dinner for L. A. Watson Attracts 1,000

#### By GEORGE A. WATSON

A tribute such as is seldom accorded a fire underwriter was tendered Leon A. Watson of Newark when over 1,000 persons attended the testimonial dinner in New York City as a mark of appreciation of the high service rendered the insurance business by the manager of the Schedule Rating Office of New Jersey during his 25 years of association with it, and in recognition of his fine personal qualities.

In addition to a considerable number of agents, field men and head office employees, many company executives were on hand from Hartford, Newark and Philadelphia as well as New York. There were also present Governor H. G. Hoffman of New Jersey; C. K. Withers, commissioner of banking and insurance, and Deputy Commissioner C. A. Gough of New Jersey; Superintendent L. H. Pink, New York; Commissioner O. B. Hunt, Pennsylvania, and Commissioner W. A. Sullivan of Washington, president National Convention of Insurance Commissioners.

#### Other Notables Present

At the guest table also, were: P. L. Haid, president Insurance Executives Association; E. J. Cole, president National Association of Insurance Agents; E. M. Schmults, president New Jersey Association of Underwriters; Julian Lucas, president National Brokers Association; F. J. Cox, past president National Association of Insurance Agents; W. G. Hurtzig and C. S. Stults, past presidents New Jersey association.

The occasion was further graced by the presence of many women. W. C. Cope, president Drake College and a close personal friend of Mr. Watson, was toastmaster. The speakers included Governor Hoffman and Messrs. Cole and Haid, who paid tribute to Mr. Watson's accomplishments. As spokesman for the fire companies Mr. Haid outlined the unsettled conditions in New Jersey that existed prior to Mr. Watson's appointment as manager of the rating organization, and of the skill with which he had brought order out of chaos. The task of a fire insurance

### Presides



ERNEST A. HENNE

E. A. Henne of Chicago, vice-president in charge of the western department of the America Fire group, presided this week over the Western Underwriters Association at Hershey, Pa., he being president of the organization.

rater, Mr. Haid stated, is usually a thankless one, and yet his work is the foundation stone upon which the successful conduct of the business depends. How well Mr. Watson measured up to the great responsibilities placed upon him, the record of the fire business in New Jersey through the past decade sufficiently attests.

#### Watson in Response

In further appreciation, Mr. Watson was presented a handsome rifle and pair of binoculars. To the many compliments paid him by speakers and the good will evidenced by persons present at the dinner, Mr. Watson voiced appreciation, stating that such measure of success as he had been able to attain would have been impossible without the constant and intelligent aid given his office staff by company executives and the men on the firing line. He promised to use the binoculars to detect rate or rule violators in New Jersey and the rifle to deal with those found guilty.

The committee on arrangements consisted of W. G. Hurtzig, general chairman; Paul Thompson, secretary; Frederick Hickman, W. E. Cooper, S. A. Mehrtor, Robert Moore, C. S. Stults, E. M. Schmults, J. E. T. McClellan and F. J. Cox.

### Will Institute Essay Contest at Kansas Agents Meeting

State Agent O. A. Ramsmeyer of the North America in Kansas, and his associates, have offered a prize to be given at the annual meeting of the Kansas Association of Insurance Agents, it being a double toastmaster, platter and glass tray. The local agent present at the convention who presents the best paper not exceeding 300 words on some phase of the insurance business will be given the prize. He must be present at the meeting or show some very valid reason why he is not present. The subject rests with the agent himself. The North America field force desires to stimulate added interest in the meeting and wants the local agents to do some thinking on some particular subject and get it down to writing. There will be a committee to decide the award.

#### Textile Exodus Not Expected

NEW YORK, Sept. 18.—Fire insurance observers take no stock in the reputed intention of a number of textile manufacturers to remove their plants to some of the South American countries, through alleged dissatisfaction with the processing tax, and other government regulations. One prominent concern established a factory in Brazil, but that was for a special reason. Many of the textiles left New England years ago, establishing themselves in the Carolinas and Georgia, in order to be nearer the source of raw product supply and to avoid, if possible, labor troubles so common in the manufacturing centers of Massachusetts and Rhode Island. It may be that others will follow although the general impression is that there will be no further exodus of mills from the north.

Insurance upon the textiles is written almost wholly either in the mill mutuals or through the Factory Association. There have been no new plants erected in recent years, nor does the immediate outlook for the industry invite additional capital. As a result the mutuals are steadily broadening the scope of their operations, driving for classifications of risks previously left severely alone by them, and the strife between the stock and the non-stock carriers becomes increasingly severe.

## A. M. Best Urges Drastic Measure

Claims Life Insurance Should Rid Itself of Unsound Companies

### TALKS TO THE "AD" MEN

Finds That Conditions in Fire and Casualty Have Greatly Improved in Recent Years

RYE, N. Y., Sept. 18.—At the annual meeting of the Insurance Advertising Conference here this week, Alfred M. Best of New York City, discussed the menace of unsound insurance and took up the question of how honest advertising can combat it. He said that from accurate knowledge he could make the unqualified statement that the insurance business as a whole is in a thoroughly sound condition despite the unusual problems and perils to which company managements have been subjected in recent years. However, in any business as large as insurance he called attention to the fact that there are wide variations in the reliability of companies seeking cognizance.

#### Fire Field Cleaned Up

Mr. Best went back 30 years to the fire insurance business, which was disturbed by a swarm of unlicensed companies, many from remote foreign countries and there were so called "Lloyds" organizations, the policies being guaranteed by individuals without any financial standing. There were some 150 such institutions operating in this country and many of them were absolutely irresponsible. Much publicity was required to drive them out of business, he said.

About 15 years ago the casualty branch was similarly afflicted. There were scores of concerns springing up, operating under the guise of reciprocal exchanges in which members insure one another. In those days it was very easy to organize reciprocals. These outfits, Mr. Best said, wrote a large amount of automobile liability. As a result of adequate publicity, the weak and irresponsible ones were speedily driven out.

#### Situation as to Fire and Casualty

Mr. Best said that today the fire insurance business is in the strongest financial position in its history due in part to the very large amount of new capital which found its way into the business during the boom and in part to the fact that in the last few years it has shown a satisfactory underwriting profit. The casualty companies, he asserted, were in a materially better condition at the end of 1934 than they were a year previous to that date and were in a far better shape than at the end of 1932.

#### Condition in Life Insurance

The life companies, he said, during the recent depression years had abnormal requests for loans and cash values in addition to meeting their normal expenditures so that their disbursements ran far into the billions. The life insurance business in spite of this is today in an unquestionably sound financial position.

The life insurance situation, Mr. Best opines, presents features which on the surface appear contradictory. After careful study he is convinced that over 96 percent of all the life insurance in force in this country is carried by companies of undoubted solvency and responsibility. These sound companies, he said, numerically represent less than 60 per-

## Statistics on Companies Shown in New Directory

The American Mutual Alliance of Chicago, in issuing its annual "Directory of Mutual Companies in the United States" shows there are 271 domestic stock fire companies doing business in the country, 157 stock casualty and 115 stock accident and health, making 543 total stock companies.

There are 2,396 mutual fire companies operating in the country, 169 mutual casualty and 33 mutual accident and health, making the total mutuals 2,598. There are 70 reciprocals and 11 Lloyds.

Therefore there are 3,222 total active United States insurance organizations.

cent of all the companies operating, the total being about 325. The remaining 4 percent of the life insurance business, he said, is in companies ranging in position from slightly below to very far below what reasonable standards of safety require.

#### Says Weak Companies Are Numerous

In other words, Mr. Best holds, the weak companies are numerous but singly or in the aggregate, of relatively little importance to the entire life insurance business. He said that the insurance in force in the questionable companies totals \$4,000,000,000, which is important even in comparison with the total aggregate. Mr. Best pointed out that one billion silver dollars, one on top of another, would make a pile 63 miles high so that the four billions of insurance in what he termed unsound companies would make a stack 250 miles high. He took the position that this offers a subject sufficiently important to call for the support of all friends of insurance. Mr. Best contended that if one policyholder was deceived by one false statement indicating that an insolvent company was sound and reliable, that one incident would call for a vigorous denunciation.

#### Help of Insurance Departments

The unsound life companies, Mr. Best held, are located in a number of states. In some of the worst states not only is nothing of a remedial character being done by the commissioners, but every effort is being made by company managements and in some instances by insurance departments to suppress the truth. Such efforts, he said, have taken many forms, including attacks upon those who criticize the bad condition, attempts to enact laws which would suppress criticism and by resolutions and rulings having the same end in view. The insurance commissioners, he said, are being subjected to all sorts of pressure. The importance of these movements, Mr. Best held, should not be minimized. He emphasized the statement that all this great activity for suppressing unfavorable facts can benefit only officers and stockholders of the companies affected. But the policyholders are exposed to danger.

#### Charges Dishonest Advertising

Mr. Best said that these unsound companies have resorted to utterly dishonest advertising in various forms to bolster up the confidence of their policyholders and to extend their business. He called attention to a half page advertisement appearing in the daily press of one state which consisted of a complete reprint of a report on a company, the assets of which had been shortly before appraised by completely disinterested but not unfriendly interests. Mr. Best said the appraisal showed that the very substantial surplus and capital claimed by the company in its sworn annual statement were wiped out and that its policies were impaired by millions of dollars. But, Mr. Best said, the impression conveyed by the press report was that the assets were of the highest

There are in addition seven Canadian stock fire and casualty companies operating in this country and 72 foreign stock fire and casualty.

#### Company Retirements

Previous to 1930, there were 1,454 stock company retirements, 1,572 mutuals, 388 reciprocals and 123 Lloyds, making total retirements prior to that date 3,537. The total retirements of stock companies including this year to date is 1,700 and total retirements of mutuals 1,874. The reciprocals that have retired are 445 and the Lloyds 147.

## Full Machinery of FHA Now Is Behind Fire Prevention

Full force of the Federal Housing Administration's widespread organization has been placed behind observance of National Fire Prevention Week observance, Oct. 6-12 by Administrator Stewart McDonald. The invitation to do so was extended by T. Alfred Fleming, chairman international committee for Fire Prevention Week; T. F. Cuneen, secretary National Fire Wastes Council, and several leading organizations. There is direct relationship between efforts being made by the housing administration to stimulate property modernization and improved construction practice and reduction of fire hazard. The administration believes marked reduction in fire losses can be obtained through an intensive educational program whereby the public may become acquainted with details of the modernization credit plan and mutual mortgage insurance plan which operate under the National Housing Act.

The former provides a means whereby individuals, corporations, associations, etc., may improve or repair existing property on a long term system of repayment; the latter makes possible new construction and refinancing of existing mortgages on an equal, monthly repayment plan, similar to rent, over periods of as much as 20 years. Loans made by private financial institutions under both plans bear government insurance.

Fire hazard reduction achieved through modernization is obvious. High standards of construction required under the mutual mortgage insurance plan automatically call for building methods and materials specifications which tend to reduce to a minimum eventual fire losses. The Washington office is cooperating with business, industrial and civic organizations in stimulating general attention to dangers from fire loss and pointing out advantages to be derived by property owners from provisions of the National Housing Act.

quality and the management unsurpassed.

Mr. Best said that everyone who loses money through the failure of an insurance company becomes a bad press agent for the entire insurance business. He took the position that the longer the closing of unsound companies is deferred the greater the loss to policyholders will be in the long run. The shock must be taken some time, said Mr. Best, and "let us get the thing out of the way and by so doing minimize the loss of policyholders."

Mr. Best made two suggestions. First, that policyholders exercise care that the importance of the matter deserves in selecting companies in which to insure and, second, that ad men drive into the consciousness of every policyholder the fact that the primary consideration outweighing in importance all others is unquestioned and unquestionable strength and reliability.

## Organization Is Stabilizing Plans

Western Underwriters Association Head Comments on the Solidifying Influence

### NEED FOR CLEAR OFFICES

Observations Made on Revised Form of Premium Payment for Public and Church Bodies

HERSHEY, PA., Sept. 18.—At the meeting of the Western Underwriters Association here this week, President E. A. Henne in his address said that the mid-year lull in volume of business together with the continuing subnormal burning ratio has brought into bold relief the potentialities of organization in stabilizing the practices of the business. He said that there has been a greater exchange of information through the executive office than before with the result that many rumors and complaints of infractions have been dissipated.

#### Instalment Payment of Premiums

He said that while the controversial subject of instalment or deferred premium payments is by no means settled, the organization finds that the selling forces generally are no longer clamoring for organization stock company facilities to meet every kind of premium financing and instalment practice which has been injected into the business by outsiders.

The pressure on western offices for premium financing facilities has subsided, due probably in some degree, the president stated, to temporarily improved economic conditions. There still remains the problem confronting those who have a responsibility for providing insurance on public, religious and charitable institutions. Particularly church organizations, school trustees and charitable bodies are pressed for funds and are unable to get the sums necessary to pay in cash for insurance services in advance. The question of what facilities can be or should be provided and substituted for the present rule requiring premiums in a single payment, is still before the organization.

#### Need for Clear Agencies

President Henne said that the experience since the April meeting justifies the emphasis that was placed on the subject of clear agencies at that time. Leaders in some agents' organizations, he said, are giving voice to the principle of representation of one class of companies in an agency, and many agents through the state organizations are actively campaigning against the representation of mutual and stock companies in the same office. President Henne said that the work of classifying agents under the rules for commission allowances is practically finished in Kansas and is proceeding satisfactorily in Michigan. Other states are to be taken up in turn. The experience of the past few months, Mr. Henne said, has shown a commendable attitude of hearty cooperation in an unusually long list of difficult and annoying cases.

#### Advantage in Insurance Organizations

Mr. Henne said that the Western Underwriters Association has experienced less demoralization in practices and has been able to maintain a course nearer to established, sound precedents than has been found possible in much of the industrial field. On this point, he said: "We have had and still have the problems and difficulties incident to

(CONTINUED ON PAGE 16)



## A NATION-WIDE AGENCY COMPANY

with facilities for the aggressive agent who expects more than average service in underwriting and loss transactions.

Fire, Ocean and Inland  
Marine and Allied Lines

**F. & G. FIRE**  
FIDELITY AND GUARANTY FIRE CORPORATION

*affiliated with*

**U.S.F. & G.**

UNITED STATES FIDELITY AND GUARANTY COMPANY

*Home Offices: BALTIMORE*

Originators of the Slogan:

*"Consult your Agent or Broker as you would  
your Doctor or Lawyer"*

## Ohio Examination Program Is Ratified by Department

### QUESTIONS-ANSWERS SHOWN

The National Underwriter Makes Available Information of Value in Meeting the Requirements

Interest in the mimeographed copies of questions released by the Ohio insurance department for agents and solicitors examinations, with answers, made available by THE NATIONAL UNDERWRITER, has been heightened by the fact that the first solicitors examination was held last week.

While no schedule of dates has been set by the Ohio department, the new qualification law states that an applicant for license shall be examined not less than 30 days after application is made. The law went into effect last month and Deputy Superintendent Raymond Rhoads has stated that the department will examine all applicants as fast as they present themselves.

The law provides that there shall be three examinations, fire, casualty and surety and that a solicitor shall be licensed only in the branch or branches in which he has taken and passed the examination. A solicitor may affiliate himself with different agencies for different branches of insurance, but he may not solicit for more than one agent in a single branch. Agents expect there will be little division of affiliations and most of the larger agencies state they will not accept solicitors who will not agree to give them their undivided efforts in all branches for which they are licensed. Some of the local boards have rulings to this effect.

THE NATIONAL UNDERWRITER's questions and answers are divided into fire, casualty and surety, in accordance with the Ohio department's policy, and may be

purchased separately or in units of all three. Price for a single set is 50 cents, or \$1.25 for all three, postpaid from Cincinnati, but subject to the Ohio sales tax of 3 percent when ordered from Ohio. Remittance must accompany the order. Advance orders for these questions have been large, indicating great interest in the coming examinations. Discounts are allowed for quantity orders from companies and large agencies.

The questions and answers for the three departments required in the examination came from THE NATIONAL UNDERWRITER press last week and are now available. These answers have the approval of the state insurance department and are acceptable for use in taking examinations.

### Confer on Daily Reports

SALEM, ORE., Sept. 18.—Commissioner Hugh H. Earl and R. C. Stevener, deputy commissioner, met with Hugh Curtis, Portland manager of the National Bureau of Casualty & Surety Underwriters, Nathan Lakefish, Oregon Insurance Rating Bureau, L. M. Koon and numerous local and special agents to iron out differences between the various bureaus in checking daily reports.

### Attitude of Knott

Commissioner Knott of Florida, in response to an inquiry states: "I believe that the discontinuance of ratings by private agencies is a good move, but so far I have not had occasion to issue any ruling on this subject and really doubt if I have any authority to do so under the existing laws of Florida."

### Commissioners Book Out

The proceedings of the National Convention of Insurance Commissioners at the recent Seattle meeting have now been published in book form, there being a complete record of the various sessions, including the papers read. The proceedings were prepared by Secretary J. G. Read of Oklahoma.

## Former Head of Wisconsin Insurance Division Dies



PLATT WHITMAN

Platt Whitman, 64, Wisconsin insurance commissioner from 1919 to 1923, died at the Mayo Clinic, Rochester, Minn., where he had been for treatment and later for an operation. He was well known in insurance circles and as a lawyer, banker and legislator. In recent years he was president of the State Bank of Highland, Wis.

Mr. Whitman was born in 1871 in Dodgeville, Wis., where he graduated from the high school and later from the University of Wisconsin law school. He began practicing law at Boscobel, Wis., and was associated with the late U. S. Senator John J. Blaine. Later he founded and became president of a

bank at Highland. He served as state senator and assemblyman. In April, 1919, Mr. Whitman was appointed insurance commissioner by the late Governor Philipp, after the resignation of M. J. Cleary to join the Northwestern Mutual Life as vice-president, later becoming president. He was reappointed commissioner for the full four-year term in July, 1919. As commissioner Mr. Whitman was particularly well known for his activities in insurance affecting old line and fraternal insurance.

Funeral services for Mr. Whitman were held at Highland on Sunday afternoon, following which the body was taken to Dodgeville, his birthplace, for burial. The insurance fraternity, in which Mr. Whitman had many close friends during and after his service as Wisconsin commissioner, was well represented at the services.

### Moose Is Not to Appeal

DES MOINES, Sept. 18.—Conn W. Moose of Omaha, who is here attending the convention of the National Association of Life Underwriters, stated he will not contest his ouster as insurance commissioner of Nebraska. Although the life insurance people of Nebraska would finance an appeal to the state supreme court, he declares, the proceedings would run for at least nine months and during that period he would not be permitted to engage in any business. That would be too much of a sacrifice, he explains. He is interested in making a life insurance connection either with a home office or as general agent in Seattle where he started in the life insurance business. Before being appointed commissioner he was Omaha general agent for the Home Life.

### Agents Meet at Hattiesburg, Miss.

HATTIESBURG, MISS., Sept. 18.—Insurance agents of the sixth Mississippi district will meet in Hattiesburg Oct. 11. Commissioner J. H. Johnson of Clarksdale will be the principal speaker.

### Reinsurance of Fire and Allied Lines

# NORTH STAR INSURANCE COMPANY

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

E. H. BOLES, Pres. • JESSE E. WHITE, Vice-Pres. • A. R. W. WANG, Vice-Pres. and Secy. • ROBERT B. CROFTON, General Agent

Condensed Financial Statement, June 30, 1935

#### Assets

Cash in Banks and Offices.....	\$ 271,247.21
<b>Investments:</b>	
Bonds.....	\$ 1,335,621.89
Preferred Stocks.....	108,275.00
Common Stocks.....	1,540,535.75
Mortgages.....	48,500.00
	3,032,932.64
Balances due from Ceding Companies (not over 90 days due).....	123,568.31
Accrued Interest.....	16,133.08
	\$3,443,881.24

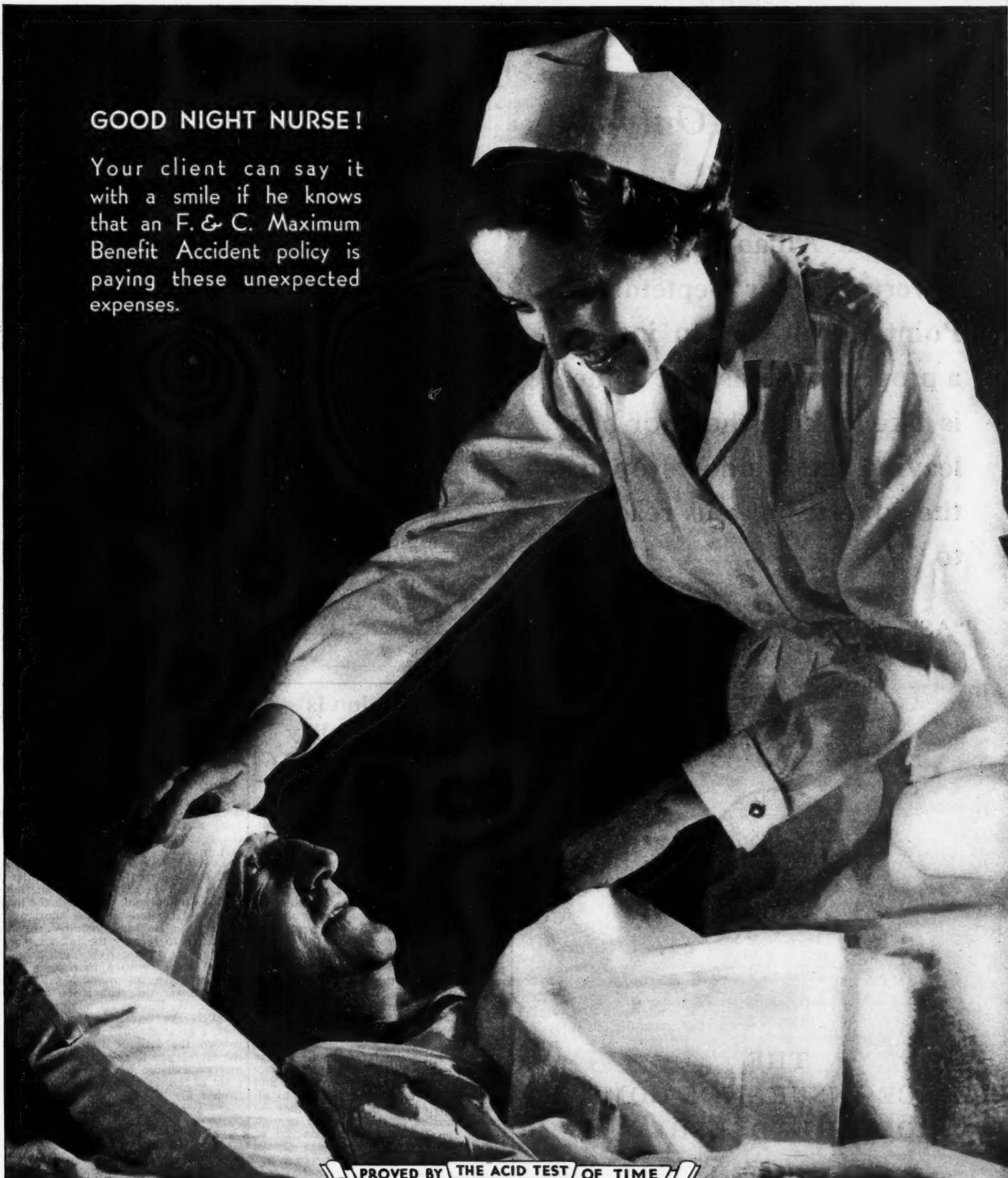
#### Liabilities

Reserve for Claims and Claim Expenses.....	\$ 222,948.44
Reserve for Unearned Premiums.....	883,231.00
Reserve for Commissions, Taxes and Other Liabilities.....	26,062.74
Capital Stock.....	\$ 600,000.00
Surplus.....	1,711,639.06
Surplus to Policyholders.....	2,311,639.06
	\$3,443,881.24

Bonds are valued on amortized basis; stocks at June 30, 1935 market quotations. The value of bonds at June 30, 1935 market quotations exceeds the amortized value by the amount of \$20,941.55. • Securities carried at \$31,210.72 in the above statement are deposited for purposes required by law.

## GOOD NIGHT NURSE!

Your client can say it with a smile if he knows that an F. & C. Maximum Benefit Accident policy is paying these unexpected expenses.



PROVED BY THE ACID TEST OF TIME

## The AMERICA FORE GROUP

THE CONTINENTAL INSURANCE COMPANY  
AMERICAN EAGLE FIRE INSURANCE COMPANY  
FIDELITY-PHENIX FIRE INSURANCE COMPANY  
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,

NEW YORK CHICAGO SAN FRANCISCO



## of Insurance Companies

NIAGARA FIRE INSURANCE COMPANY  
MARYLAND INSURANCE COMPANY OF DELAWARE  
THE FIDELITY AND CASUALTY COMPANY  
ERNEST STURM, Chairman of the Board  
BERNARD M. CULVER, President

New York, N.Y.

ATLANTA DALLAS MONTREAL

## "Do You Lock Only the Door?"

asks the Alliance national advertising for September. Pointing out that to insure a property against fire alone is like locking the door but leaving the windows open, the advertising tells readers to

**"ASK THE ALLIANCE AGENT"**



THE  
ALLIANCE INSURANCE COMPANY  
OF PHILADELPHIA

Head Office: 1600 Arch St., Philadelphia  
Chicago Office: 209 West Jackson Boulevard  
San Francisco Office: 231 Sansome Street

## Semi-Annual Figures Reported

(From Georgia Insurance Department Records)

	STOCK FIRE	6 Mos. Income	6 Mos. Disburs.
Allmannia	1,200,000	4,807,185	1,878,797
Alliance, Pa.	1,000,000	9,523,407	5,490,460
All State	200,000	7,271,299	1,261,000
American Central	1,000,000	7,123,277	1,272,274
American, N. J.	3,343,740	27,779,981	8,994,995
Baltimore Amer.	1,500,000	4,860,449	945,597
Bankers & Shippers	1,000,000	5,524,483	1,334,086
British General	850,850	1,234,332	384,188
Caledonian	645,000	3,514,899	1,692,742
Century	400,000	3,345,913	1,215,717
City of New York	1,500,000	5,205,907	1,147,999
Columbia, O.	1,000,000	2,863,814	1,260,725
Concordia	1,000,000	4,024,327	1,482,822
Connecticut	2,000,000	19,957,266	12,023,866
Dixie Fire	500,000	1,378,842	579,880
Eagle Star & Br. Dom.	400,000	5,775,740	2,777,555
Equitable F. & M.	1,000,000	6,271,454	4,089,403
Fidelity-Phenix	3,464,824	59,733,120	34,267,662
Firemen's, N. J.	9,397,690	52,582,929	8,943,991
Franklin National	1,000,000	3,044,338	1,477,684
Girard	1,000,000	4,223,401	1,374,779
Globe & Rutgers	2,301,057	16,705,670	5,312,970
Granite State Fire	1,000,000	3,978,759	1,642,704
Harmonia	1,000,000	3,275,119	1,165,613
Hartford Fire	12,000,000	87,337,076	35,489,688
Home, N. Y.	12,500,000	99,333,301	42,845,208
Homestead Fire	500,000	1,846,230	584,266
London & Lanc.	400,000	7,603,699	3,109,221
London & Prov.	200,000	1,054,834	440,962
Maryland	1,000,000	2,609,007	1,174,696
Mechanics	600,000	1,411,190	426,161
Mechanics & Traders	1,000,000	3,394,949	2,172,362
Michigan F. & M.	1,000,000	3,605,159	1,022,307
Milwaukee Mechanics	2,000,000	9,597,728	3,474,671
National-Ben Franklin	1,000,000	5,760,171	1,200,939
National, Conn.	6,000,000	40,986,269	16,672,174
National, Security	1,000,000	2,582,823	1,031,251
New Brunswick	1,000,000	4,619,068	1,660,475
New Hampshire	8,000,000	15,647,192	5,332,920
New Jersey	1,000,000	3,521,108	784,354
Newark Fire	2,000,000	9,133,537	3,530,215
Orient	1,000,000	6,291,596	2,985,293
Palatine	1,000,000	3,227,684	1,598,461
Philadelphia F. & M.	1,000,000	5,625,332	2,880,345
Seaboard F. & M.	500,000	2,122,208	844,865
Standard Marine	400,000	3,283,068	2,086,960
Sun Underwriters	600,000	1,459,115	316,125
Superior	1,000,000	3,731,979	1,233,509
Transcontinental	1,000,000	3,313,459	1,742,304
Union, China	400,000	2,942,720	1,781,971
Halifax	200,000	2,294,820	1,383,029
Western Assur. Can.	400,000	3,887,790	1,826,414
Central Manuf., O.		4,859,578	2,191,976
Ohio Hardware		425,497	153,516

\*Not given.

### Sun of London Is Sending a Policy Issued in 1716

NEW YORK, Sept. 18.—Present day underwriters accustomed as they have become to the standard form of fire insurance policy, with its lengthy stipulations, provisos, exceptions and what not, the use of which is obligatory in virtually every state, will be interested in seeing a copy of an early contract which the United States management of the Sun of London, has reproduced. It was issued by the Sun in September 1716, some six years after the organization was launched, in a simple promise to pay the assured an agreed amount should the property covered suffer loss by fire, the only stipulation, so far as the assured was concerned, being that the premium called for be paid "within 15 days after every quarter-day."

Appreciating the interest this unique form of policy will have for the agency fraternity, the management of the Sun will be glad to furnish a copy to all those applying for it, whether they be representatives of the company or not.

The Sun has the proud distinction of being the oldest fire insurance organization in the world, and for over 225 years has been supplying property-owners in all quarters of the globe with a brand of indemnity that earned for the institution the high reputation it has so long enjoyed.

#### Mortgage Clause Discussed

A discussion of "The Mortgagee Under the Standard or Union Mortgage Clause, Some of His Rights and Liabilities" was presented at the International Association of Insurance Counsel convention at White Sulphur Springs, W. Va., by L. P. Kristeller, Newark

attorney. Confusion has resulted in New York over the Savarese vs. Ohio Farmers case in which the premises were covered under a policy containing a union mortgage clause. The mortgagor arranged with a contractor to repair the building after the time in which the company was permitted an election to repair had expired. The premises had been restored and the insurance company was about to pay the contractors the cost when the mortgagee brought suit to cover the damage done by the fire. The New York court of appeals held that the mortgagee was entitled to recover and the restoration of the building was immaterial. Although the building was restored and the mortgagee's security in no way impaired, he was permitted to recover the full amount of damages. An older New York case had denied recovery to a mortgagee under similar circumstances and Mr. Kristeller characterizes the repudiation as unfortunate. A Rhode Island case closely parallels the Savarese decision. However, a great majority of the states veer toward the attitude that in order for the mortgagee to collect under an union mortgage clause he must prove impairment of the security and that it resulted from a fire.

#### New Clause Needed

The confusion regarding the present clause is a good reason for the adoption of a new union mortgage clause, said Mr. Kristeller. The companies cannot afford to trust to vague theories in judicial decisions. They should have their rights and abilities predetermined and this can be done only by a complete and adequate mortgagee clause, the language of which should be clear, precise and comprehensive.

The insurance section of the American Bar Association is considering recommending the adoption of a new form of union mortgage clause and Mr. Kristeller urged the National association to do likewise. He said the time is now ripe for concerted action.

The producer enjoys doing business with "C.&R." Companies. They consider his problems from *his* point of view. They remember that he has the difficult job of selling insurance and keeping it sold.

**AMERICAN EQUITABLE ASSURANCE COMPANY  
OF NEW YORK**

Organized 1918

Capital, \$1,000,000.00

**GLOBE & REPUBLIC INSURANCE COMPANY  
OF AMERICA**

Philadelphia, Pa.

Established 1862

Capital, \$1,000,000.00

**KNICKERBOCKER INSURANCE COMPANY  
OF NEW YORK**

Organized 1913

Capital, \$1,000,000.00

**MERCHANTS AND MANUFACTURERS FIRE  
INSURANCE COMPANY**

Newark, N. J. Chartered 1849 Capital, \$1,000,000.00

**NEW YORK FIRE INSURANCE COMPANY**

Incorporated 1832

Capital, \$1,000,000.00

**SUSSEX FIRE INSURANCE COMPANY**

Newark, N. J. Organized 1928 Capital, \$1,000,000.00

**CORROON & REYNOLDS**  
*Incorporated*  
*Manager*

92 William Street

New York, N. Y.

## Appraisal as Overinsurance Check Is Urged by Tetor

### GIVES TALK IN NEW JERSEY

Analyst Addresses Underwriters Association Meeting; Godshall Reports on Legislation

Tendency away from overinsurance due to placing greater emphasis in business on operating costs, was noted by F. A. Tetor, appraiser and property analyst of Ridgewood, N. J., in a talk on "Appraisals and Their Relationship to Fire Insurance Premiums" at the annual meeting of the New Jersey Association of Underwriters held in New York City. Mr. Tetor said up to 1929 there was no great need for property owners to examine their expense accounts and orders for insurance were issued without much regard given to costs. Economy is necessary now and many reductions have been made in all lines of insurance, with corresponding reductions in premiums.

He sees a reversal of this tendency in future. Building costs are mounting and now is the time, he said, for the alert agents to take stock and be prepared to advise assured concerning additional insurance that will be needed.

#### Appraisal Greatly Needed.

Appraisal of property is needed now for insurance purposes due to the great fluctuation in values of the last few years and the difficulty of guessing at sound value now. Proper valuation is important in connection with fire policies and other forms of indemnity containing the coinsurance requirement. Mr. Tetor said he has found instances in which the agent recommended additional coverage for 50 percent of the fire insurance in effect. If the amount of fire insurance does not represent full insurance to value, Mr. Tetor said, or if valuation of property covered is not properly established and the additional coverages are written on a 50 percent basis, there will be deficiency in operation of the coinsurance provision.

Many dollars in insurance premiums, as well as the reputation of the insurance office, may be saved by giving proper attention to obligations of the office to the assured, and careful inspection and appraisal of other lines also discloses instances of overinsurance.

#### Opportunity for Agents

Mr. Tetor discussed the recent ruling of the Schedule Rating Office of New Jersey, limiting permission for other insurance on unprotected and farm property under which it becomes necessary to insert the stated amount in the form specifically limiting total insurance permitted. He said this change offers excellent opportunity for agents who are qualified to consult with assured and advise them as to the proper amount of insurance to carry.

H. L. Godshall, chairman of the legislative committee, discussed several bills in the last legislature which threatened the insurance business, one for creation of a single state operated workmen's compensation insurance fund. The legislative committee succeeded in having substituted a bill making mandatory on stock and mutual carriers payment into different stock and mutual funds of a sum equal to 1 percent of net written premiums until the fund reaches a sum equal to 5 percent of loss reserves of the stock or mutual carriers. This was passed and Mr. Godshall said was the most important work accomplished by the committee in the year.

#### Threat of Investigation

Vice-chairman Fred Cox spent much time in Trenton working on this measure. Another threat was the joint resolution providing for a commission of three members of the senate and three of the assembly to investigate the insurance business other than life. The

## Old Timer



JOSEPH H. LENEHAN

Joseph H. Lenehan, who retired from the insurance business a number of years ago and now lives on a ranch near Joliet, Mont., is the oldest living ex-president of the Western Union and its successor, the Western Underwriters Association. He is 84 years of age. Mr. Lenehan is a native of Dubuque, Ia. He got into the local business thereafter leaving school, his agency being that formerly owned by the late Abram Williams, who until his death was western manager of the Connecticut Fire. Mr. Lenehan organized the Will County, Ill., compact office in Joliet in 1885, and later became inspector of special hazards for the mutuals.

#### Became a Field Man

In 1887 he became Illinois state agent of the North America and Pennsylvania Fire. He was active in the management of the old Illinois State Board and was elected its president in 1890. Two years later he went with the Palatine and assisted in organizing the western department, being its executive special agent under the late George M. Fisher, manager. On July 1, 1898, he was appointed assistant western manager of the North British & Mercantile and on July 1, 1899, became western general agent of the Phenix of Brooklyn, which he served until Dec. 1, 1911, when he was made United States manager of the Nord Deutsche. He continued in this office until the German companies were outlawed, owing to the war, when he retired from business. He was elected president of the Fire Underwriters Association of the Northwest in 1897. He was chosen president of the Western Union in 1908.

During the summer Bert N. Carvalho, vice-president of the Rossia, and president of the Metropolitan Fire Reassurance, visited Mr. Lenehan at his ranch and took a photo from which the above cut is made. Those who knew Mr. Lenehan in the old days will be glad to have a glimpse of him as he is at present. He was one of the most popular men that was in the business and has a delightful charm and personality. He was warm and glowing in his qualities of heart.

Mr. Lenehan lives in a ranch house but does not operate the farm as it is leased to a tenant. Joliet is located in

legislative season in New Jersey produced no acts seriously affecting the insurance agency business, Mr. Godshall said. He urged the agents to take more active interest in politics and contact their legislators.

## Western Conference Plans Explained by J. J. Holmes

### TAKES UP MUTUAL PROBLEMS

Commissioners Organization, Pacific Coast and Mountain Territory Not to Conflict With Big Body

Insurance Commissioner J. J. Holmes of Montana, in commenting on the new Western Conference of Insurance Commissioners, which includes the officials of the Pacific Coast and mountain states, declares that in no way should this organization interfere with the National Convention of Insurance Commissioners. He does not want the western conference to be classed as a "rump" organization. He says the purpose is to provide a vehicle whereby far western commissioners can confer on matters of interest peculiarly affecting their domain. It will in no manner, he says, invade the jurisdiction of the big convention. Mr. Holmes is president of the western conference.

#### Conference Not Antagonistic

He declares that if states outside of the natural territory of the conference can join the membership will become too broad and will lead eventually to its disruption. Commissioner Holmes says that eastern superintendents have different problems than those of the far west. The general issues and problems of all the commissioners are considered in the national convention. Commissioner Holmes says the western conference is not organized for the purpose of maintaining an organization antagonistic to the big association. The Western Conference, he holds, is solely and primarily for the purpose of enabling the far western commissioners to meet and solve the problems in their bailiwick which affect all western states in an equal way. A number of new companies, he says, are springing up in the far west and the western conference will deal primarily with them.

what is called "Paradise Valley," which is a wide valley between the Absaroka mountains to the west and the Big Horns to the east. To the south are the Bear Tooth mountains. Billings, Mont., is about 30 miles northeast and Red Lodge 25 miles south. The new entrance to Yellowstone Park, constructed by the federal government at a cost of \$11,000,000, extends through Joliet and it is one of the most scenic highways in the world.

Mrs. Lenehan, as she is described by Mr. Carvalho, is "a perfectly beautiful woman with her snow white hair." Here is what he says about Mr. Lenehan himself:

#### Comments on Mr. Lenehan

"Joe is just the same gentleman he always was, just as meticulous in his personal appearance and full of fun and energy. He is slightly deaf, using a tube for hearing. He has no occupation other than consulting with his tenant, reading the papers, entertaining visitors of which he has many in the summer and just enjoying a quiet life. He spends the winter with his daughter Margaret at Billings or his daughter Colista at Sioux City, Ia. Howard DeMott is a good correspondent and keeps him informed on current insurance matters and he also told me he is a constant reader of THE NATIONAL UNDERWRITER. Outside of the fact that his face is a little more lined he does not look any different than he did years ago when he was in business. His complexion is pink and white and healthy and the snapshot does not do him justice."

The Johnston-Maguire Insurance Agency at New Carlisle, O., has been changed to the J. Russell Deam Agency, Mr. Deam having purchased the business some time ago.

## Jottings at Pennsylvania Agents Association Meet

The attendance of 201 was the largest in history, last year 139 having registered. A registration fee of \$5 was charged. Over 300 were present at the banquet.

Philadelphia won the attendance prize with the largest representation, 92.

H. M. Albert, chairman of the convention, did a good job, being in evidence all the time, smoothing out little difficulties and keeping the gears well greased.

Work committees were: Resolutions—N. B. McCulloch, chairman; J. B. Lavelle, Henry Schmid, C. T. Monk, R. H. Alexander. Nominating—A. S. Galland, S. W. Miller, C. C. Kohne, Robert Reinheimer.

President Henry appointed two important committees on conference and public relations. The conference committee is: J. P. Lavelle, Scranton, chairman; C. T. Monk, Philadelphia; W. R. Roberts, Bethlehem; Henry Schmid, Wilkes-Barre; K. H. Bair, Greensburg; public relations—A. S. Galland, Wilkes-Barre, chairman; H. E. McKelvey, Pittsburgh; J. K. Payne, Philadelphia; N. B. McCulloch, Lancaster; H. M. Albert, Stroudsburg. The president, secretary and general counsel are ex-officio members of both committees.

H. V. Yeager, manager of Pocono Manor Inn, was voted thanks for his services, and J. G. Yost, a guest vice-president of the American Bonding, and C. T. Monk were named a committee of two to extend them to Mr. Yeager.

Fountain pen and pencil sets were given Insurance Commissioner O. B. Hunt, A. S. Arnold and K. H. Bair at the banquet.

A bridge tournament was held for the women, first prize going to Mrs. A. S. Arnold; Mrs. Steve Yerkes second, and Mrs. Frank Moses, third.

Howard Bacon won the quoits tournament and G. H. Montgomery the kickers gold tournament. There was also a high gross and low net tournament. Golf prizes were donated by the Fidelity & Deposit.

C. H. Crowe Co., East Stroudsburg, and Alfred M. Best & Co., arranged for New York morning papers to be left outside each room every morning.

Commissioner Hunt, present during the entire convention, proved more popular as the hours went by. Wednesday night he and Joseph Noble, assistant United States manager Norwich Union, held the hotel lobby's interest as they refought the "battle of Paris" during the world war. Delegates are still chuckling at Major Hunt's story on the origin of the Scotch-Irish.

An unusually large number of field men were present.

Frank Moses, secretary-manager, handled all details in excellent style and was kept busy blushing during the business sessions at the many encomiums hurled at him.

### Cleveland Field Club Meets

The Cleveland Field Club, composed of field men, adjusters and rating organization men, held its first meeting of the season with large attendance. F. J. Kessel, industrial commissioner of the Cleveland chamber of commerce, was the principal speaker, President B. T. Dufey of the club presiding. The other officers are: Vice-president, Walter Plangman; secretary, F. J. Weber, and treasurer, Walter Sawyer.

### Ohio Deviation Hearing

COLUMBUS, O., Sept. 18.—Another hearing on the deviation question will be held Thursday by the Ohio department of insurance. It has been found that some mutual companies, it is said, have been issuing some policies at a 20 percent deviation from the published rate, non-participating as to dividends, and at the same time issuing policies at the full published rates which are participating as to dividends, all of the policies being on the same class of risks. The question is whether such a deviation is one that complies with the Ohio statutes.



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## Mutuals' Agents Hear Plea for Constitution Defense

### TIMANUS IN INSPIRING TALK

Commissioner Hunt Also Speaker at Philadelphia Meeting of National Organization

PHILADELPHIA, Sept. 18.—A strong plea to uphold the constitution, with the warning that "whatever strikes at the constitution strikes at our great business of insurance," was voiced by J. H. R. Timanus, assistant secretary Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, in the annual convention here of the National Association of Mutual Insurance Agents. The convention will end Friday. Insurance Commissioner O. B. Hunt is to speak at the banquet Thursday night.

The first morning session program included the message of President E. V. Thompson, St. Louis, and committee reports. A. O. Eberhart, Federal Housing Administration, was a speaker. Delegates took part in a golf tournament in the afternoon.

#### Tells Historical Background

Mr. Timanus traced the history of fire insurance in the United States. He then discussed his own company, the oldest fire insurance company in America, which was organized by Benjamin Franklin and Philip Syng at Philadelphia in 1752, following organization by Franklin of the Union Fire some years earlier.

There are today, he said, more than 30 mutual fire insurance companies in the United States which have been in continuous existence for over 100 years, whose founders were outstanding citizens and whose incentive was one of common good and not private gain.

#### Need to Defend Constitution

He said mutual insurance has prospered under the constitution and it behooves those in the business to protect the venerable document against attacks of persons who through selfish or misguided motives would break it down. "We have constantly to watch legislation aimed directly at us in the matter of state or federal control, exorbitant and unfair taxation and regulation detrimental to the business," he said.

He noted the low fire loss record of the last two years, and cited figures furnished by the American Mutual Alliance to show the growth of mutual insurance. During 1934 fire mutuals wrote approximately \$135,000,000 of premiums and paid out \$50,000,000 losses. On Dec. 31, 1934, they had in force over \$35,000,000,000 insurance, total assets \$284,000,000, and combined surplus \$178,000,000. Many did not report insurance in force, and he estimated the total close to \$40,000,000,000. Combined figures of fire and casualty mutuals, he said, show \$263,000,000 premiums and \$105,000,000 losses in 1934, with combined assets approximately \$472,000,000.

#### Rhoads Speaks to Independents

At a luncheon of the Board of Independent Fire Underwriters of Cuyahoga County, O., held at Cleveland the guest of honor was Raymond (Dusty) Rhoads, executive assistant to Insurance Commissioner Bowen. He explained the details of the new insurance license law and answered many important questions.

More than 50 independent Cleveland agents were present. Among those present were a considerable number of women agents of Cleveland.

At the speaker's table were Earl T. Armes, the president, who introduced Mr. Rhoads and gave a short resume of the aims and ambitions of the Independent Fire Underwriters. Clarence E. Preslan, vice-president and Mr. Gardner Graydon, secretary.

## Was Reelected



CLARENCE A. PALMER

Clarence A. Palmer of Philadelphia, advertising and publicity manager of the North America group, presided this week over the meeting of the Insurance Advertisers Association of which he is president at Rye, N. Y., and was re-elected.

## Stock-Telephone Farm Fire Insurance Plan Explained

BEATRICE, NEB., Sept. 18.—First movement in Nebraska toward using the recently discussed plan of telephone companies and stock fire companies in reducing rates on farm buildings where farmers subscribe to telephone service, was discussed here by H. F. McCulla, general commercial superintendent Lincoln Telephone & Telegraph Company.

The plan is an out-and-out tie-up between telephone and insurance companies. The telephone companies will sponsor and encourage small communities in which they operate, to install apparatus for fighting farm fires. Insurance companies will pay the fire department \$50 per run to a farm where special insurance is carried for the purpose.

#### Cost About 20 Cents Yearly

The fire insurance will cost the farmer a nominal sum—estimated by McCulla at \$1 for five years or about 20 cents annually—and the farmer can obtain it and keep it only if he has a telephone. Mr. McCulla said the Farm Underwriters Association has already voiced its approval of the credit plan accompanying the tie-up, which briefly is: If all requirements are met in a manner satisfactory to insurance companies, it is anticipated a credit or reduction of 10 percent, to begin with, will be allowed the farmer on his present insurance rate. This credit may be increased if the plan brings about a lower loss ratio on farms in a specified community.

#### May Start This Fall

The plan, Mr. McCulla said, in all likelihood will be attempted this fall and during the winter months, in approximately 18 states located between and inclusive of Ohio and Colorado, the east and west extremes, and Oklahoma on the south.

Stock fire companies all over the country are studying the plan, and also mutuals, Mr. McCulla said.

#### Felix Kurz at Luncheon

MINNEAPOLIS, Sept. 18.—Felix Kurz, executive vice-president of the General of Seattle, was guest of honor at a luncheon attended by about 60 agents of the company in the Twin Cities. H. P. Thurber, president of Northwest Underwriters, state agent for the General in Minnesota, was in charge of the arrangements.

## Two Interests Compete for Master Contract With FCA

### SIMILAR TO THE CCC POLICY

Rollins-Burdick-Hunter of Chicago and Martin Brothers of Omaha Are the Bidders

Two insurance interests are understood to be competing for the master contract to protect the Farm Credit Administration in its program of guaranteeing loans up to 60 percent of the market value, on corn, small grains and threshed seed. The Rollins-Burdick-Hunter agency of Chicago is after the contract in behalf of the Glens Falls and Hartford Fire, while the Martin Brothers agency of Omaha is seeking the contract for the United States Fire.

Last week announcement was made of rules and rates for insurance on corn, small grains and threshed seed, pledged under loan plans of the FCA while located on farms. Individual certificates are to be issued at an annual rate of 75 cents for each \$100 of insurance covering fire, tornado and hail, with a loss payment clause providing for payment of the market value at time of loss or 60 percent of the market value at the time the loan was made, if the value at the time of the loss is less than that figure.

The FCA, in addition, wants a contract, covering errors and omissions in the issuance of each individual certificate, guaranteeing that the FCA will get its money in the event a borrower suffers an uninsured loss, and covering the additional hazards of flood and theft.

This contract will be similar to the one now in force insuring the Commodity Credit Corporation, which has been lending 55 cents a bushel on corn in connection with the acreage reduction program. Incidentally, there is a feeling that the CCC will soon reduce the amount of the loan it will guarantee on corn, perhaps to 45 cents. In 1933 the CCC guaranteed loans of 45 cents, but raised it to 55 cents in 1934.

As it stands today, both the FCA and CCC are making corn loans. The FCA is guaranteeing loans up to 60 percent of the market value and the CCC guaranteeing loans of 55 cents. In addition the FCA is making loans on small grains and threshed seed.

## NEW IOWA INSURANCE DIRECTORY

This week the 1935 edition of the Underwriters' Hand-Book of Iowa, the state directory, comes from the press of THE NATIONAL UNDERWRITER. Although Iowa is mainly an agricultural state there are large numbers of agents licensed. According to a compilation by the publishers there are 47,935 agents licensed issued by the Iowa department for 1935. These are divided—stock fire, 21,443; mutual, 8,734; mutual casualty, 3,549; reciprocal, 555; life, 3,995.

Each class of the business in the state showed an increase last year, according to this book. Fire premiums rose from \$11,785,968, in the previous year to \$12,954,815 in 1934; fire losses dropped from \$6,214,009 to \$5,580,726; casualty premiums were \$11,931,645 in 1934 compared with \$10,990,263 in 1933; casualty losses were \$4,989,951 as against \$5,496,828; life insurance showed a gain in insurance written, the figure being \$187,729 compared with \$168,049,286 in 1933, but insurance in force dropped slightly from \$1,590,266,093 to \$1,564,286,108.

#### Reference Book of the State

The "Iowa Hand Book" is the recognized reference book on insurance in the state, being a comprehensive compilation of insurance facts relating to Iowa. It contains the complete list of all agencies in the state showing the com-

## Strong Qualification Law Is Passed by Alabama Assembly

### GIVE SUPERINTENDENT POWER

May Require Proof of Good Moral Character, Trustworthiness and Technical Knowledge

BIRMINGHAM, ALA., Sept. 18.—An agency qualification law for Alabama that can be enforced was provided by amendments to the 1927 law passed by the legislature before sine die adjournment. It is House Bill 917, by Representative John Chichester of Birmingham, which becomes effective on the governor's signature. It greatly adds to the superintendent's power in licensing agents and provides several causes for license revocation.

The qualification law applies to all agents whether in the life, fire or casualty fields. It had the strong support of the Alabama Association of Insurance Agents and Superintendent F. N. Julian. Another bill which would have set up an insurance board to administer the law and call for additional fees from agents, was shelved. The Chichester bill places all responsibility with the superintendent and does not add to the companies' or agents' fees.

#### Old Law Was Indefinite

The 1927 law was indefinite as to the grounds on which agents' licenses could be refused or revoked. It did not hold water in a test in which a Mobile agent forced former Superintendent C. C. Greer to issue him a license, although testimony showed he had defrauded companies of several thousands of dollars.

The amended law enumerates the following causes for which the superintendent may revoke or refuse to issue a license: 1. Violation of any provisions of the insurance or other laws of the state in his dealings as an agent. 2. Material misstatement in application for license. 3. Guilty of fraudulent or dishonest practice. 4. Fraudulent misrepresentations in solicitation or acceptance of application, issuance of policy or collection of premiums. 5. Withholding or failing upon proper demand to account to company or agent of any policyholder for money of company, agent or policyholder which has come into his possession. 6. Incompetency or untrustworthiness as insurance agent. 7. Unfair business practices as an agent, the act citing as an example persuading a policyholder to drop a policy for another where to the "financial detriment" of the policyholder.

#### Have Privilege of Appeal

Before taking action the superintendent must give 20 days written notice and have "reasonable satisfaction" of violation. Appeal may be taken by the agent.

Applicants for agent's license are required to furnish such proof as the superintendent may require of "good moral character, trustworthiness and qualification."

panies represented, members of the agency, other business transacted and age of the agency. The "Company Directory" gives the up-to-date list of the companies licensed to operate in the state and shows accurate data on many companies which are not shown in other insurance publications because they are too small or only operate locally. Other information of value to one interested in Iowa insurance is—lists of field men, general agents and managers, laws of the state pertaining to insurance, town classification as to fire protection, lists of attorneys, adjusters and organizations and a complete resume of the insurance companies whose headquarters are in Iowa.

This book is most complete and is constantly being used by insurance men and companies in Iowa.

# PUBLIC ENEMY

**No 1**  
*fire*

COMMON ENEMIES  
TO GUARD AGAINST

1 FIRE	9 LIGHTNING
2 MOTOR	10 MARINE
ACCIDENT	DISASTER
3 WINSTORM	11 RAILROAD
& TORNADO	WRECK
4 PERSONAL	12 FALLING
ACCIDENT	AIRCRAFT
5 SICKNESS	13 EXPLOSION
6 DAMAGE	14 RIOT & CIVIL
CLAIMS	COMMOTION
7 BURGLARY	15 EARTHQUAKE
8 ROBBERY	16 FORGERY
	17 DISHONESTY



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ORGANIZED

Milwaukee Mechanics' Insurance Company 1852  
National-Ben Franklin Fire Insurance Co. 1866  
The Concordia Fire Insurance Co. of Milwaukee 1870  
The Capital Fire Insurance Company 1886  
Commercial Casualty Insurance Company 1909

ORGANIZED

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461 BAY STREET, TORONTO, CANADA

EASTERN DEPARTMENT  
10 Park Place  
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**Return to Original Purposes Is Urged**

(CONTINUED FROM PAGE 2)

companies. The majority of fire company executives, he said, agree with the agents on practically every controversial subject, including the justice of contingent commissions, which, with one exception, Mr. Bair said, he found the company executives to whom he had talked agreed formed the ideal award to agents.

**Three Objections Are Cited**

Objections of executives against contingent commissions are that one or another company group will not agree to remunerate agents on such basis, that it is impossible to work out a fair basis of contingent commission, and that the agents would not play fair with companies if working on such basis. Mr. Bair finds none of these reasons sound or legitimate.

Regarding the complicated system of group operation, he said from conversations with company executives he believed many would welcome opportunity to abandon it and return to simpler machinery.

As a sample of how company bureaus curtail agents' income and operation, Mr. Bair cited the Towner Rating Bureau's action on the government's 1932 construction program in publishing bond rates involving commission cuts on certain specific contracts, all well over the million dollar class. The agents agreed to go along in this program up to December, 1933, with the stipulation no rate carrying commission cut was to be promulgated under any contract of less than \$2,000,000 and that no precedent for future cut was to be established.

**Discusses Construction Bonds**

"We did think at the time that the companies might have made some of the contribution out of their expense loading," Mr. Bair said, "and it was agreed that not more than three-fourths of the contribution would be made by the agent. It was also agreed that after the end of December, 1933, no large projects would be rated at less than the commission specified in their contract with their companies, without further conference with our committee.

"Since that time further conferences have not been called, but project after project, many falling under the amount specified, have been specifically rated by the Towner Rating Bureau with the commission cut."

He said this is water over the dam and the surety committee of the agents is taking steps to prevent continuation of the practice, but the point is the intervention of an outside bureau between company and agent.

"The Towner Rating Bureau makes the rates, they say," he went on, "and 'we must abide by them.' You and I know that the Towner Bureau cannot arbitrarily force down commissions unless the companies which support it so desire. It is the creature of the companies and must do their bidding, and it affords a perfect alibi."

**Support Rate Adequacy Moves**

He took up relations with the National Bureau of Casualty & Surety Underwriters, saying, "We have absolutely stood by them in their efforts to obtain adequate rates. When they are unsuccessful, our commissions are cut to make up the deficit between what they want and what they get, and no conference is necessary to tell us what has happened.

"Here there is not one, but a series of smoke screens—the National Bureau itself, the National Council on Compensation Insurance, the compensation rating bodies of the several states, and now, with the precedent in New York State, the insurance department itself. "Please do not gather that I am placing the entire blame on the companies. Nobody realizes better than I that there are many men in the agency forces that have not played the game straight

across the board. I do believe, however, that if the companies would clamp down on those agencies this business of ours would soon be put upon a much higher scale."

He said times have changed since the days when premium volume for investment purposes was the prime objective of every underwriting group and each one was reaching out to draw more companies into it. So long as companies are so plentiful that the agent's greatest task is refusing supplies of new companies, he said, rather than obtaining representation of companies he would like to have in his office, sharp practices by both agents and companies will persist.

He said many agents throughout the country have become much discouraged over the apparent failure of various conferences between the companies and agents. He himself has been greatly disappointed at times, but still believes that much good has been accomplished and much more good can and will result.

**Commissioner of Minnesota Qualifies Order on Ratings**

(CONTINUED FROM PAGE 2)

"The department recognizes that the public customarily depends upon insurance agents for information concerning forms of coverage and financial condition of companies in connection with the purchase of insurance, and that both for their own and their customers' information, agents and companies often purchase books and subscribe for services which furnish information concerning the financial position of the large number of insurance companies licensed to operate in Minnesota.

"In licensing any company, this department in no manner undertakes to guarantee the continued solvency of such company, but merely certifies that the most careful scrutiny convinces the department that such company at the time of the issuance of the license is solvent and has complied with all the laws of the state. It is self evident that all insurance companies are not of equal strength, and the department, therefore, recognizes the right of anyone to secure any proper information concerning any insurance company, either from this department or any other reliable sources and to impart it in a lawful and ethical manner to any inquirer.

**Defines Improper Use**

"As already stated by this department, it is not the proper use that is objected to, but the improper, unscrupulous and unlawful use of such publications that this department intends to prohibit.

"By improper, unscrupulous and unlawful use, the department means the use of any publications or ratings by an agent to induce a policyholder to surrender, lapse or cancel an established policy in a solvent company, licensed by this department and entitled to its protection against improper competition, and to purchase instead a policy in the company represented by such agent; or the use of any such publications or ratings to induce such surrender, lapsation or cancellation in connection with incomplete or otherwise misleading statements concerning the merits of the respective companies or of the respective policies.

**Loss to the Policyholder**

"The surrender, lapsation or cancellation of an established insurance policy, particularly a life insurance policy, in any sound and solvent company almost invariably involves loss to the policyholder and benefits only the agent who obtains a commission for writing in its place a new policy.

"The department further holds that

it is improper conduct for an agent to use in the solicitation of business any circular, pamphlet or publication which contains any untrue, deceptive or misleading statement of fact whether derogatory or otherwise.

"This department considers such actions improper and unfair competition, and if proven after due hearing they will constitute grounds for revocation of license. A license is a privilege granted an agent and both justifies and requires supervision of his activities by this department.

"It is such improper and unscrupulous and unlawful acts in solicitation of business which this department is determined to prevent, and it has ample authority under Sections 3352 and 3353 of Mason's Minnesota Statutes of 1927, to enforce obedience."

**Rose From Minor Clerk to Company President**

(CONTINUED FROM PAGE 2)

Wauke Sept. 13, after a lingering illness. He had been associated with the Milwaukee company for nearly 50 years when he retired in 1932.

Born in Milwaukee, Mr. Yunker had spent his entire life in that city. On graduating from grade and high schools he studied law for a time and then entered the employ of the Milwaukee Mechanics in a minor position on Aug. 16, 1882. He became assistant bookkeeper, bookkeeper, assistant treasurer, treasurer, vice-president and finally president in 1919. His retirement was seven months before he would have celebrated his golden anniversary with the Milwaukee Mechanics.

**President Western Insurance Bureau**

Mr. Yunker was president of the Western Insurance Bureau in 1923-1924. The Milwaukee Mechanics, together with the Concordia Fire, joined the Firemen's fleet in 1929 and both are still members of that group.

Funeral services were held Monday afternoon. Surviving are his wife, two daughters and one son. The funeral services were attended by many fire insurance company officials and agents, as well as business and civic leaders of Milwaukee. Honorary pallbearers included G. W. Grossenbach, former vice-president; Rene Steckel, assistant secretary; R. E. Brandenburg, secretary, and W. E. Wollaeger, vice-president, of the Milwaukee Mechanics. Among the active pallbearers were R. H. Wieben, former secretary; Ernest G. Ebert, secretary, and Armin Finger, director.

Among the out-of-town insurance executives who attended the funeral services were H. A. Clark, president of the Western Bureau and vice-president of the Firemen's; Fred C. Schad, Western Insurance Bureau secretary; R. L. Rumbaugh, manager of the Western Sprinklered Risk Association; Herman Ambos, of Newark, vice-president Firemen's and Milwaukee Mechanics; C. F. Engle, Indianapolis; Henry N. Stone, Minneapolis; E. L. Griebing, Cleveland, and Dan T. Smith, Winchester, Ill., field men.

**Hayden Elected President of Oklahoma Preventionists**

OKLAHOMA CITY, Sept. 18.—J. G. Hayden of the America Fore was elected president of the Oklahoma State Fire Prevention Association at a meeting in this city, with Wade Wissler of Tulsa, vice-president, and W. S. Eberle, Oklahoma City, reelected secretary. Plans for National Fire Prevention Week, Oct. 6-12, were discussed, a more extensive program being outlined than in any previous year. Cooperation was pledged of the Federal Better Housing Administration, state board of health, state superintendent of schools, state fire marshal, state firemen's association and city fire department, in an effort to make the event outstanding in the history of fire prevention achievement in Oklahoma.

## Pennsylvania Meet Accomplishes Much

(CONTINUED FROM PAGE 2)

Barre, on Pennsylvania compensation underwriting requirements. He argued that minimum premium was too low, classifications too limited, and as a result companies were either refusing to accept certain risks or demanding collateral lines. He said this condition often resulted in mutuals securing the compensation business and agents losing due to dissatisfaction of the assured because of the agent's inability to secure the compensation coverage.

He contended companies should be frank with the public; that instead of cheapening insurance giving the workmen's compensation coverage in return for public liability; for instance they should point out the loss resulting from writing compensation under the present basis. He suggested either raising the minimum premium on small risks or charging a policy writing fee, and also urged broader classifications, moving that the matter be referred to the conference committee for negotiation with the insurance department for revision of the manual and classifications. He was joined by Ralph Alexander, Pittsburgh, in this demand.

### President Henry Opposed

President Henry opposed the motion, although agreeing that the manual works a hardship on the business, companies and agents. He said, however, agents have no right to interfere with companies in the orderly operation of their business. Mr. Galland's motion lost in a close vote.

The "all-in-all-out" rule was the most important question considered. It was planned to discuss the subject in executive session but President Henry threw the meeting open to all when company officials and special agents present asked that they be permitted to sit in. The association's action came as a surprise, for the uncertainty of Philadelphia and Pittsburgh adopting the rule made it unlikely the association would adopt it.

Despite the Pennsylvania association's action, it is almost certain Philadelphia and Pittsburgh will not adopt the rule. These two cities, while in favor of it, believe it cannot be adopted successfully in large cities, which can achieve better results through an agents' qualification bill.

Harry Albert, Stroudsburg, general chairman of the convention, told of the plan being followed in Monroe county, where with only seven members, representing only standard stock companies, the board set a brokerage commission of 10 percent, refusing to accept any business at 5 percent commission. Overhead writing and brokerage are being eliminated. The board adopted and is strictly enforcing a rule against dual representation of companies in the county. Members will not advertise individually as agents but only as an organization. They have eliminated free insurance by "requiring the money in 45 days or cancelling the insurance." Business so canceled is reported to other board members.

### Hold Discussion on Rule

Henry Schmid and Abe Galland, both of Wilkes-Barre, led the discussion on the "all-in-all-out" rule. Mr. Schmid explained it was merely a medium for organizing a local board; that it was not working 100 percent as yet in the Wyoming Valley and it would take two or three years before that was accomplished. The plan had, however, increased membership from 30 to 73 in a year.

The need for the rule was emphasized two years ago, Mr. Schmid said, when a big fleet appointed five agents at one time, one being on relief. Agents had a showdown on the proposition, "Drop the five or we drop all your companies." The agents won out and the "all-in-all-out" plan was started.

Abe Galland explained that Wilkes-

Barre obtained the germ of the plan from New Orleans and Cleveland. He related that there were 279 registered agents in Wyoming Valley "and we don't know two-thirds of them;" that 100 agents were on the school insurance of Wilkes-Barre and the school board was up in arms because it had 480 policies.

H. B. McCulloch, Lancaster, announced that Lancaster county was organizing a local board. Agents interested, he said, wrote 75 percent of business in the county.

### Debate Standard Auto Form

The question of a standard automobile liability and property damage policy for the entire state was raised, it being pointed out that cut-rate policies offer a more restricted coverage but the public is not aware of this due to the multiplicity of forms. It was argued a standard form would eliminate this confusion and offset cut-rate competition. Company officials present were much interested in the proposal and evinced satisfaction at the action taken.

The second morning session started off with greetings by H. M. Albert, president Monroe County Association.

W. F. Wingett, Scranton, responded. With Paul Ancona, vice-president, presiding. President Henry then gave his annual address and report and Frank Moses, secretary, read his report on insurance legislation.

Secretary-Manager F. D. Moses dealt with insurance legislation, finding 226 insurance bills introduced. Never before, he said, was the legislative hopper so stuffed with insurance bills of every kind and character. House bill 1128, now known as Act 90, assesses a tax of 5 cents per \$100 value on legal documents, exempting insurance policies. Act No. 91 is a 6 percent excise tax on net income of corporations. Practically all insurance companies were originally included but it was eventually amended so the tax now applies only to domestic stock insurance companies.

### Stock Companies Joined With Mutuals

The Pennsylvania Association of Insurance Agents, he said, cooperated with the companies whole-heartedly in defeating a number of hostile bills. These had to do largely with creation of state insurance funds. Mr. Moses said one of the most interesting things coming out of this legislative session was the hookup of stock companies

with mutuals in defeating a measure that stock agents desired. The chief fight was over senate bill 945, sponsored by Insurance Commissioner Hunt, and the agents were all for it. Secretary Moses said the agents found themselves confronted with combined opposition of stock companies, mutuals and reciprocals, all working together. He said this is not new because when the National Association of Insurance Agents was working for a code under the NRA, National Board officials conferred with organizations of mutual companies, bankers, brokers, real estate men, etc., and all were against it.

### Companies Are Criticized

Mr. Moses declared that the National and state associations do not sponsor legislation except as a last resort and on matters where the companies either will not or cannot act for the betterment of the business. He criticised the companies for not being vigilant in assisting agents along remedial lines where the latter would be benefited and the companies also would have an advantage.

A. S. Arnold, Philadelphia, general counsel of the association, gave an address, urging agents to work and fight

# SPRINGFIELD SPOTLIGHTS

for  
1935

What's in a name? Some call it Business Interruption Indemnity. Others call it Net Earnings Insurance. Still others call it

## USE AND OCCUPANCY INSURANCE

Name it whatever you choose, but do not fail to call it to your assistance in building up your commission income. The coverage is most necessary to all going business concerns. If you need help in selling it, call on your "Springfield Group" Special Agent who is well equipped to aid you, or, write to the Business Promotion Department.

### THE SPRINGFIELD GROUP OF FIRE INSURANCE COMPANIES

#### SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY

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CONSTITUTION DEPARTMENT, Springfield, Massachusetts

SENTINEL FIRE INSURANCE COMPANY, Springfield, Massachusetts

MICHIGAN FIRE & MARINE INSURANCE COMPANY, Detroit, Michigan

NEW ENGLAND FIRE INSURANCE COMPANY, Pittsfield, Massachusetts



together. He attacked branch offices, saying "economically, the futility of the branch office has been demonstrated." He urged "avoid alliances with other organizations, even with brokers. Their field is distinct; their work limited." He appealed for the agents to present a united front and urged their support of Insurance Commissioner Hunt. He warned that Senate Bill 945 had not been defeated at the last session, but merely was sleeping in committee and it would be passed at the next legislature.

#### Cites Conflicting Measures

He also stressed the need for preparing forms to meet conflicting state and government laws, telling of various conflicting measures such as the appraisal clause (upheld in federal court; not worth anything in state courts); prorata coverage, waiver of warranties, etc. He said it was a "pity that ultimate recovery should depend on form and not on facts."

Commissioner Hunt, whose remarks are presented elsewhere in this issue, then took the rostrum in a strong plea against government control of insurance.

The annual dinner was minus speeches with the exception of a brief one by Commissioner W. S. Sullivan, of Washington, president National Convention of Insurance Commissioners, present at the invitation of Commissioner Hunt. He said he would vote for the Insurance Commissioners convention to be held in Philadelphia next June.

#### Say Qualification Needed

Other speakers voiced need for agents' qualification bill—Senate Bill 945—and uttered the prophecy it would be passed with the united support of the agents.

The third morning started off with the reading by Mr. Galland of his workmen's compensation paper. K. H. Bair, past president of the Pennsylvania association and chairman National association executive committee, spoke on agency-company relations, his address appearing in brief elsewhere in this issue.

C. T. Monk, Philadelphia, led a brief discussion on fire insurance at wholesale, warning that wholesale insurance buyers are endeavoring to eliminate agents and deal direct with companies.

Philadelphia made its sole fight of the convention in a strong attack on the rating situation in that city. President Monk of the Philadelphia association asserted the situation in Philadelphia was grave, agents having no voice in the matter. He turned the floor over to Arthur Arnold, who made a bitter attack on the Middle Department Rating Bureau, asserting that under guise of fighting mutual competition it was fixing rates arbitrarily and unscientifically, justifying its actions by "juggling statistics." He asserted the companies were heading for serious consequences unless they returned to scientific rating making. The matter was referred to directors for action.

#### Committee to Meet Soon

Fight of agents in ordinary territory—exclusive of Philadelphia and Pittsburgh—for a contingent commission reached its final round when the convention adopted the resolution for appointment of a conference committee to carry on negotiations with companies. President Henry said the E. U. A. had appointed a conference committee and would meet soon with the agents' committee on the question.

The members voted to establish a public relations committee to discuss agency qualification with companies.

#### WESTERN BUREAU MEETING

The directors of the Western Insurance Bureau will meet in Chicago Friday of this week to decide on the time and place of the semi-annual meeting. The general impression prevails that the Bureau will return to Briarcliff, N. Y., and probably meet the week of Oct. 21.

## New Jersey Agents Hold Annual Meet

(CONTINUED FROM PAGE 3)

communal medical service, something to think over, and the prediction is there will be less activity in favor of wholesale insurance programs.

The agents are keenly desirous of getting at least a share of insurance on automobiles placed through financing corporations. They were urged by several speakers to interest their banks in advancing cash required by prospective car buyers, allowing the latter to place insurance thereon with qualified agents. Warning was given, however, to guard against any one bank getting such volume of this class of business as to induce entry into the agency field. Instances of that nature have occurred recently in different parts of the country.

#### Discusses Financed Cars

This general subject was considerably enlarged in the address of J. A. Reid, superintendent automobile department, New York Underwriters, who patiently had devoted serious study to the problem and offered practical measures for its solution.

Company officials on one side face the intimation of large finance companies that if they suffer any material curtailment in the insurance division of their operations, they can and will organize an insurance company of their own to handle the business as did the General Motors some years ago.

The New Jersey Association, its executive committee reported, will continue to watch trends in workmen's compensation at home and elsewhere, feeling that while creation of a reserve fund in New Jersey from which to pay claims in event of default by any carrier obviated the danger of a monopolistic state fund, so serious a threat six months ago, it was not regarded as completely eliminating ills of the business.

#### Urge Safety Activities

The wisdom of sustained activity by agents in safety work of every nature, particularly with a view to reducing road hazards, was urged, the beneficial results where such campaign had been prosecuted being pointed out. Unless the automobile loss record is materially lessened, there is grave danger, agents feel, of the automobile line following compensation into the undesired classification.

President C. Stanley Stults of Hightstown, in his annual address said that three objectives had been reached during the year, viz., membership of 403, an endowment fund and a monthly bulletin started. It is expected that eventually the endowment fund will reach a sum sufficient to help pay for a full-time secretary and reimburse officers and members of the executive committee for their traveling expenses.

President Stults said that legislation is always an expensive and time-consuming proposition. Bitter controversies are of no benefit to anyone. Twice each year the New Jersey agents, he said, plead for conferences with companies on all matters in which they are interested. The agents are anxious to learn the viewpoint of the companies on those subjects. He said company officials should know that the experience of agents in underwriting is of assistance in forming new rules, regulations and rates.

#### Takes Up New Ruling

He referred to the recent ruling of the Schedule Rating Office making it obligatory to include on farm forms the total amount of insurance on the entire schedule. He said this is a needless precaution and one almost impossible to live up to. The value of farm produce and machinery varies greatly from year to year. A farmer may store many thousand dollars worth of farm produce next year while this year he sells it as soon as harvested. He may buy and

insure \$5,000 worth of live stock during the term of his building policies. A protest was made to the Schedule Rating Office but the agents were told that the companies demanded this clause on all unprotected properties.

He said a conference with farm writing agents would have proved to any company official the folly of such a rule. Only the agent in the locality of the risk, he said, can determine the insurability of the assured. For many years, he said, stock companies have driven profitable farm business from their books by trying to make a profit by increasing rates rather than by careful selection of risks.

#### See Bright Future

Future of the association, the president and executive committee believe, is bright. Greater cooperation between agents and companies will serve to clear up irritations that may arise and bring adjustment amicably and quickly. The report of the legislative committee, of which H. L. Godshall is chairman, proved of high interest. The chief activity of the publicity committee during the year was launching of a bulletin, "The New Jersey Agent," for the preparation and success of which W. F. O'Brien is responsible.

The informal talk upon unprotected business by L. A. Watson had to do with a recent rule of the governing association permitting placing of other insurance thereon. This concession will make imperative underwriting such risks by agents, for it is felt otherwise the loss ratio on the class, which last year was 100 percent, with a probable average of 90 percent over a 10 year period, due largely to overinsurance, is not likely to be reduced. Rate increases, Mr. Watson asserted, do not answer the farm question; relief will come only when farmers are educated to the hazards of their property and induced to accept safety measures, the nature of which should be impressed upon them by agents.

#### Watson Discusses Rates

Contrary to the common complaint of the insuring public that fire companies "jack up the rates," Mr. Watson pointed out that while the aggregate liability assumed by the carriers in New Jersey in 1934 exceeded by 17 percent that of the preceding year, premium gain was but 3 percent, due to the average rate decrease of 8 percent.

Another concession granted property owners in New Jersey recently, Mr. Watson said, permitted the housing an automobile in a home or mercantile establishment without additional charge; action that it is figured will cut the premium income of the state by 4 or 5 percent.

G. McG. Goodridge, regional supervisor Stock Companies Association, was unable to give his scheduled talk, having been called to Washington.

A pleasing incident preceding final adjournment of the meeting was the presentation by Frederick Hickman of a full set of golf clubs to retiring President Stults, in appreciation by the members of his fine work during the year.

## Organization Is Stabilizing Plans

#### (CONTINUED FROM PAGE 4)

self regulation through voluntary association in a highly complex business, but we are free of demands and dictation arising from organized groups outside of and antagonistic to our methods and principles. We have only the single responsibility of our obligations to each other and the insuring public, and our advantage in this respect should be and, I believe, is fully appreciated and cherished."

## ANSWERS

By J. C. O'Connor, Editor  
National Underwriter's F. C. & S. Bulletins

Question—Under the supplemental contract used in middle western states, if a building should fall as a result of tornado or riot and fire ensue, would the insured be covered? I notice there seems to be no "Bridging the Gap" clause, such as is found in windstorm policies.

Answer—Due to the wording of the supplemental contract, no "Bridging the Gap" clause is required for coverage against a loss of this type. The fallen building clause reads "if a building . . . shall fall, except as a result of fire, all insurance . . . shall cease." The Supplemental contract recites "In this policy . . . the word 'fire' shall be changed to include any peril or perils insured against under this supplemental contract." Thus in effect, the fallen building clause is changed to read "if a building . . . shall fall, except as a result of fire, windstorm, hail, explosion, riot, aircraft, self-propelled vehicles or smoke damage, all insurance . . . shall cease."

\* \* \*

Question—In case an insured under a power plant U. & O. policy sustains a loss which does not actually force him to suspend business, but does put him to extra expense, such as for emergency power, can he recover under his U. & O. coverage?

Answer—No, the U. & O. policy pays only in case the insured is forced to suspend business. However, he may insure against a loss of this type by an Outage endorsement to his boiler or machinery policy. This may be attached to any power plant contract and pays a specified amount for each hour the described object is prevented from functioning wholly or partially by an accident insured against by the basic policy. Each object must be described specifically and the companies will accept this coverage only in connection with a basic boiler or machinery policy. Concurrent U. & O. coverage, however, is not required.

\* \* \*

Question—Can an automobile policy be suspended while the insured car is laid up?

Answer—During the period between Nov. 1 and May 1, for a consecutive period of not less than 60 days, liability, property damage and collision insurance may be suspended and pro rata credit allowed. The collision feature of the comprehensive policy may also be suspended, but no other coverages. A suspension endorsement, signed by the insured, must be furnished and coverages so suspended are not reinstated until the company is notified that the car is back in use. If the policy is not reinstated, a short rate premium is charged up to the date the suspension goes into effect. The periods of suspension must be at least 60 days consecutively, no credit being allowed for shorter periods, even though they aggregate 60 days or more.

#### Miscellaneous Notes

A local agency has been opened at Colorado, Tex., by Joe Ernest.

The Liberty Mutual of Boston has been licensed in Arizona.

Duane T. Stover, Wichita, Kansas national councillor, spent several days in Chicago last week.

C. M. Peterson, special agent Home of New York, Portland, Ore., is back at his desk after a severe hospital illness of a week.

Volume 1 of a new three volume set of maps of Wichita, the first since 1914, has been distributed by the Sanborn Map Company.

Roy Martin, Jr., of Seattle, special agent for Travelers Fire, announces the birth of a second son in his family.

Budd W. Jones, independent adjuster of Portland, suffered a double fracture of his ankle while on a fishing trip on the Grand Ronde River.

## AS SEEN FROM CHICAGO

### ON ROAD TO ROCHESTER

The Illinois Association of Insurance Agents is sponsoring a private car party to Rochester, N. Y., for the National Association of Insurance Agents convention. The Illinois delegation is planning to leave Chicago on the Michigan Central at 10:15 p. m., Sept. 22, arriving in Rochester at 11:07 a. m., Sept. 23. Any one attending the convention is welcome to join the party. Reservations may be obtained from Mrs. Lillian L. Herring, Room 816, Insurance Exchange, Chicago. Telephone Harrison 2996. Mrs. Herring also has a supply of identification certificates for the reduced convention fare.

\* \* \*

### HOLMES AMONG IMMORTALS

Wayne H. Holmes of Osborn & Lange, Chicago agency, now ranks among the immortals by virtue of making a hole in one on the 197 yard 12th hole of the Evanston Community course. Witnesses of Mr. Holmes' achievement included J. R. Tober of Bartholomay-Darling Company, and J. C. McIntosh, Aetna Casualty, Chicago.

\* \* \*

### RASHKY LEAVES GLOBE LIFE

Harold H. Rashky, who has been assistant superintendent with the Globe Life in Chicago in its home city, has resigned. He will undoubtedly continue in the life field in some capacity. He has been with the Globe three and a half years, starting as an agent. Mr. Rashky had his training in fire insurance. He was connected with the old western department of the Pennsylvania Fire in Chicago, then went with the western office of the Commercial Union. When the Chicago Fire & Marine was organized he became an assistant examiner and then served as a full-fledged examiner with the Great Lakes Fire until it was taken over by the Public Fire of New Jersey. He decided there was a bigger future for him in the life field and therefore started with a rate book and made good.

\* \* \*

### INSURANCE INSTITUTE COURSES

The Insurance Institute of America courses in insurance will begin in Chicago, Oct. 9, continuing until spring. The Chicago Board has asked a representative group of executives to serve as a sponsoring committee and will solicit each insurance office in Chicago, asking managers to cooperate by encouraging their employees to enroll for the courses.

Those who have been asked to serve on the sponsoring committee include H. A. Behrens, president, Continental Casualty; Charles Buresh, president, Chicago Board; C. H. Burras, president, Joyce & Co.; H. A. Clark, manager, Firemen's; Wade Fetzer, president, W. A. Alexander & Co.; I. M. Hamilton, president, Federal Life; E. A. Henne, manager, America Fore; T. L. Osborn, Osborn & Lange, marine agents; Gail Reed, of the Insurance Brokers Association; C. W. Seabury, Marsh & McLennan; R. H. Williams, claims manager, Standard Surety; L. E. Yager, past president of the Chicago Board and a prominent local agent; J. L. Maehle, manager American Surety and Clarke Munn, manager Cook County Loss Adjustment Bureau.

The educational committee in charge of the courses consists of Benjamin Richards, manager Underwriters Service Association, A. T. Graham, local agent and J. A. Neale, chief engineer of the Chicago Board.

The following courses will be given this year: Life, Part 1, Tuesday, 5 p. m., beginning Oct. 15; Fire, Part 1, Wednesday, 5 p. m., beginning Oct. 10; Fire, Part 2, Thursday, 5 p. m., beginning Oct. 10; Fire, Part 3, Wednesday, 6:30 p. m., beginning Oct. 9; Casualty, Part 1, Thursday, 6:30 p. m., beginning Oct. 10; Casualty, Part 2, Friday, 5

p. m., beginning Oct. 11; and Casualty, Part 3, Friday, 6:30 p. m., beginning Oct. 11. The life insurance will end Jan. 21, and Surety, Part 1, will be given at the same day and hour, beginning Jan. 28.

Inland marine is now a required part of the fire insurance course and an intensive inland marine course will be given Thursday and Friday at 6:30

p. m., March 5-27. The other courses are expected to run until about April 1. Each class lasts an hour and a half and all will be given in the auditorium of the Chicago Board.

Fee for each course is \$10, which includes books and examination fee. The Insurance Library of Chicago, which adjoins the Board auditorium, will be available to the students, through the courtesy of Manager Jay S. Glidden.

There will be about 30 lecturers chiefly from Chicago who will appear before the various study classes of all kinds. These men are carefully selected and their talks will be in addition to the

regular text book work. Benjamin Richards, Underwriters Service Association, 222 West Adams street, Chicago, is chairman of the educational committee and has charge of the details of the study courses.

### FIRE PREMIUMS INCREASE 3½%

An increase of approximately 3.5 percent over 1934 in Cook county fire insurance premiums is reported by the Chicago Board for the first six months this year. The return was from 108 companies comprising 24 groups writing approximately 70 percent of the total business in the county. The total

## Are you attending the Rochester Convention?

**I**F YOU are coming to Rochester for the National Association Convention, we invite you to take time for a visit in Watertown.

Our Home Office is only about a three hour drive from Rochester. The route is through interesting country. The highways are excellent.

Should you be going into Canada . . . to the Adirondacks or the 1000 Islands . . . Watertown is right on your way.

Plan now to come and see us. You will be most welcome!



**An Easy Route to Follow:** Leave Rochester going east on East Main Street, turn left and bear north on Winton Road to Empire Boulevard, which is U. S. Route 104. This leads through Webster, Williamson, Sodus and Wolcott to Red Creek. Here take U. S. Route 104 A north to Fair Haven, Sterling and Oswego, where it rejoins U. S. Route 104. Follow to Mexico. Here turn sharp left at Beck's Hotel, on to N. Y. Route 3—direct to Watertown.

**Agricultural**  
Insurance Company.  
of Watertown, N.Y.

**Empire State**  
Insurance Company.  
of Watertown, N.Y.

Every type of property insurance for industry and the home.

for the first half of this year was \$6,749,391, against \$6,517,264 for the same period last year and \$5,867,655 for the period in 1933. The leading group was the America Fore with \$642,827, a \$48,664 gain. The Firemen's of Newark group reported large increase, \$113,459 or 34 percent, the group's total premiums being \$446,474, entitling it to fourth place, whereas previously it was sixth. Fourteen groups reported volume increases and 10 showed decreases. The Home of New York group has \$601,194 volume against \$545,368 in the period of 1934 and \$543,747 in the six months of 1933. The Royal-Liverpool group was third with \$505,625, against \$517,965 in the six months of 1934 and \$488,348 in the period of 1933. The North America was fifth with \$409,396 compared with \$440,553 in the first half of 1934 and \$411,272 in 1933. The 1935, 1934 and 1933 six months' figures for other groups in order of relative amounts are: Hartford, \$408,034, \$386,499 and \$339,790, respectively; London & Lancashire, \$405,171, \$356,658 and \$256,708, respectively; North British & Mercantile, \$373,780, \$357,934 and \$380,148, respectively; Aetna Fire, \$289,102, \$298,337 and \$250,217; Phoenix of Hartford, \$281,020, \$292,824 and \$264,366; Springfield F. & M., \$270,205, \$256,688 and \$220,909; Crum & Forster, \$261,076, \$286,492 and \$256,151; Great American, \$197,569, \$183,056 and \$162,883; American of Newark, \$192,013, \$190,807 and \$139,902; Corroon & Reynolds, \$189,416, \$151,337 and \$108,257; Automobile of Hartford, \$178,916, \$192,734 and \$174,923; Fireman's Fund, \$166,770, \$190,404 and \$140,791; Commercial Union, \$166,378, \$170,391 and \$161,330; Fire Association, \$164,133, \$194,125 and \$188,241; London Assurance, \$141,499, \$133,934 and \$114,957; Glens Falls, \$137,684, \$129,405 and \$116,364; Merchants of New York, \$119,852, \$111,676 and \$98,144; St. Paul F. & M., \$109,553, \$103,163 and \$94,952; Northern Assurance, \$97,753, \$99,734 and \$100,885.

**L. F. Campbell**, Cook county brokerage department manager Millers National, has a new baby boy at his home, weight 10 1/2 pounds.

**C. C. Rosenbarger** of the Markel Service motor truck division was in Chicago this week en route to the Pacific Coast.

**Chester M. Hayden**, vice-president of the Glens Falls in charge of the Chicago office, is visiting the home office of his company this week.

#### Goodridge Wins Advancement

George M. Goodridge, who has been regional special agent in charge of the New York office of the Stock Company Association, has been transferred to Washington as executive special agent. He was formerly a special agent in the south for the Fireman's Fund.

R. S. Kissam, who until recently was connected with the Fowler & Kavanagh agency of New York, succeeds Mr. Goodridge at New York.

W. B. Rees and Tom F. Ivey, Jr., have formed the **Ivey & Rees Insurance Company** at Odessa, Tex.

## NEWS OF FIELD MEN

### Field Groups Meet in Detroit

#### Michigan Fire Underwriters Association, Fire Prevention Association Hold Session There

DETROIT, Sept. 18.—Field men from throughout the state gathered here for the monthly meeting of the Michigan Fire Underwriters Association, with President R. N. Menzies, Jackson, Great American, in charge. Agency balances were reported to be improving. Charles Cook, Wausau, Wis., America Fore, was admitted to membership.

Officers and directors of the Michigan Fire Prevention Association also gathered for an executive conference on plans for the ensuing year. It was decided to hold inspections in Cadillac in October and in Port Huron in November. Tentative arrangements were made for similar affairs in Monroe in January, Hastings in February, Muskegon in March, Lapeer in April and Traverse City in May.

President T. M. Nyholm, Lansing, National of Hartford, announced the following committee chairmen, after approval by the board: Schools, B. L. Hewitt, Jr., Lansing; Boston and Old Colony; publicity, C. R. Beaver, Kalamazoo; Detroit Fire & Marine; churches, H. J. Hunter, Jackson, America Fore; speakers, R. O. Young, Grand Rapids, North America; public relations, J. J. Hubbell, Detroit; Security of Connecticut; chamber of commerce, W. S. Byler, Detroit, Fireman's Fund; fire protection and ordinance, R. C. Loughead, Detroit, Michigan Inspection Bureau; permanent arrangements, L. H. Clark, Detroit, Northern of New York.

### Sunflower Puddle Elects

The Sunflower Puddle of the Blue Goose at Wichita elected Shelly Holmes, state agent American, "big toad" to succeed C. C. Crow, Underwriters Adjustment, who has held the office since the Wichita puddle was organized in May, 1934, by the Kansas pond. B. J. Weldon, Kansas Inspection Bureau, is the new "pollywog" being advanced in line from "croaker" which is the new office of R. B. Lathan, North America. Bernard Stone, independent adjuster associated with his father Austin Stone, is the new man in line with the office of "bouncer" and in addition will be assistant to the "croaker."

Col. Sam F. Woolard, recently retired state agent for the Commercial Union, was a guest and told of his ocean trip through the Panama Canal and up the Pacific Coast from which he has just returned. Several field men transferred to Wichita during the summer also were guests.

### Petrik Joins Pearl Forces

#### Will Handle Western Pennsylvania Field for the Group, Travelling Out of Pittsburgh

G. S. Petrik of Pittsburgh has been appointed special agent of the Pearl fleet in western Pennsylvania assisting State Agent W. D. Corbett. Mr. Petrik has been in the western Pennsylvania field since 1917 when he took charge of that territory for the Atlas. In 1920 he joined the L. & L. & G. and remained with that company until November, 1934. He is a past president of the Pittsburgh Smoke & Cinder Club and has been a member of the executive committee of the Middle Department. The Pearl has a branch office at 1507 Commonwealth building, Pittsburgh, where Mr. Petrik makes his headquarters. The branch office is in charge of P. H. Mell.

### Richardson in Field Work

Acceding to the desire of J. G. Richardson that he be relieved of his duties as manager of the agency brokerage department of the Fireman's Fund in New York City, in order to devote his entire time to field work, Eastern Manager C. C. Hannah appointed him special agent in western Connecticut, with headquarters at Stamford, a portion of which field he had previously supervised in addition to his work in New York City district. The agency brokerage department will henceforward be operated in conjunction with the New York metropolitan division of the Fireman's Fund group, under the general direction of W. E. Gildersleeve, Jr., with E. T. Maloney and F. H. W. Kynes as chief aids.

### Harding in New Field

The Northern Assurance has appointed G. Stetson Harding as special agent in central Pennsylvania, western Maryland and northeastern West Virginia with headquarters in Harrisburg. He succeeds J. B. Talley who has resigned. After spending several years as a fire insurance engineer with another company, Mr. Harding became associated with the Northern in 1926 and has spent the last nine years in Chicago and New York. He was in charge of the special risk department in the old western office and later was at the Chicago branch as a service man until he went to New York.

### Has Had Wide Experience

John Winn, who becomes special agent of the Central Manufacturers Mutual of Van Wert in New York, has had a wide experience. He was for

merly connected with the escrow department of the Security Trust & Savings Bank of Los Angeles. He later became associated with the General Outdoor Advertising Company in a sales capacity. In 1930 he joined the Western Adjustment and for the last four years he has been manager of the St. Louis office of the United Adjustment & Inspection Co. of Kansas City. He is a graduate of the University of Missouri.

### Bawden Named in Indiana

J. A. Bawden has been appointed associate state agent of the Springfield F. & M. group for Indiana, for which J. H. Hellekson is state agent and G. L. Heinz associate state agent. Mr. Bawden, when he resigned a month ago, had been state agent of the American of Newark in Indiana for 16 years. He has entered upon his duties and has his office in the company's state headquarters at 558 Consolidated building, Indianapolis.

### Ayrault With North British

P. J. Moriarty, manager Detroit metropolitan department, North British & Mercantile group, announces the appointment of W. W. Ayrault as special agent, succeeding Paul M. Britton, resigned. Mr. Ayrault began his insurance career with the Michigan Inspection Bureau and for the past 15 months has been connected with the Travelers Fire as special agent and engineer in Michigan.

### Dobbins in Indiana Field

C. R. Dobbins has been appointed special agent in Indiana for the Reliable Fire of Dayton, Ohio. He will make his headquarters in Indianapolis.

Mr. Dobbins has been Indiana special agent for the American of New Jersey for the past five years. Mr. Dobbins will have supervision over the entire state making his headquarters at 3359 Carrollton avenue, Indianapolis.

### Gets Two More States

George H. Eise, special agent for the Northern Assurance and London & Scottish, whose territory includes eastern Massachusetts and Rhode Island, has received in addition Maine and New Hampshire.

### Atwell with the Wrights

R. B. Atwell, well known in Ohio fire insurance circles, has become associated with F. C. and H. L. Wright, state agents of the Merchants Fire of Indiana, at Columbus. Mr. Atwell has been connected with a number of organizations, recently being with the Atkinson agency.

### Des Moines Season Opens

At the Iowa Blue Goose's first meeting of the season Most Loyal Gander T. J. Hession, Western Adjustment, reported on the grand nest meeting. T. A. Hites, Boston-Old Colony, president Iowa State Fire Prevention Association

## INDIANA INSURANCE COMPANY

A STOCK COMPANY CHARTERED 1851—OPERATING ONLY IN INDIANA

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**AUTOMOBILE**  
All Lines in One Policy

**FIRE and WINDSTORM**  
Combined coverage, equal or unequal amounts, in one policy  
Excellent reinsurance facilities

**PLATE GLASS**  
Unexcelled contracts

**SPECIAL AGENTS**

ERNEST NEWHOUSE  
HAROLD H. WELLS  
EMERSON NEWHOUSE

Riley 6452

8 East Market St., Indianapolis

and Secretary A. M. Upham announced plans for inspecting various cities, starting with Creston on Oct. 2 and a two-day inspection of Ottumwa later in the month.

### W. A. Page Special Agent

W. A. Page has been postponed special agent in the New York suburban territory for the Great American. He is familiar with the field, having traveled it for another company for several years.

### San Francisco Pond Resumes

The regular luncheon meetings of San Francisco Blue Goose will be resumed Sept. 23 when the two delegates to the Grand Nest meeting will report. They are E. W. Bonstin, vice-president

Pacific National Fire and most loyal gander, and Jos. I. Thomas, of the Pacific Board, past most loyal gander.

### Field Notes

The Kentucky Fire Prevention Association will make an inspection of Frankfort, Sept. 24. There will be a public meeting at a luncheon at noon.

The Washington Blue Goose held its first fall luncheon meeting in Spokane. L. V. Sears, special agent California Commercial Union, presided.

Don Ricksecker, Wilson D. Wood Mortgage Company, opened the Kansas City Blue Goose fall season with some observations on Europe, which he visited this year.

The Indiana Fire Prevention Association will make a two-day inspection at Madison, Sept. 25-26. This is sponsored by the Madison insurance board and civic organizations.

## NEWS OF THE COMPANIES

### Report on Illinois Company

#### State Insurance Department Gives Results of Examination of Farmers Mutual Reinsurance

The Illinois department has released its report of the Farmers Mutual Reinsurance of Chicago, which is allied with the state farm organization. It writes fire, tornado and hail. The assets are \$222,765, surplus \$75,643. The report says the company is closely allied with the Illinois Agricultural Association. It enjoys an excellent cash position and is in good financial condition, the examiners say. The comparative statement, the report says, reveals a rapid growth.

The bulk of the business is acquired through the various county farm bureaus for which a commission is paid not exceeding the policy fee charged, which runs from \$2 to \$5, according to the character of the business. The excess fire and lightning liability over \$8,000 is assumed by the various local farm mutuals of Illinois. The Farmers Mutual Hail of Des Moines reinsures the windstorm and hail liability in excess of \$5,000 and the company's hail liability on growing crops is reinsured 100 percent. The excess liability on Illinois Farm Supply Co. risks is reinsured with the Millers Mutual of Alton, Ill. In addition it accepts reinsurance from the Kentucky Growers of Lexington, Ky. It and the Farmers Mutual Hail of Des Moines are not licensed in Illinois. The Farmers Mutual Reinsurance is licensed in Illinois and Kentucky.

Its premium income last year was \$252,828 and total income \$302,750. Its claims were \$95,302. The loss ratio was 47.9 percent, the underwriting expense ratio was 21.36 percent, the percent of underwriting expenses occurred to premiums earned was 21.36. The percentage of losses to income earned was 70.70.

The Farmers Mutual Reinsurance was licensed in November, 1925. At the annual meeting of the directors held in 1934, a resolution was passed giving the board the power to amend the articles of incorporation so that there could be issued not to exceed 1,000 shares of guaranteed capital with a par value of \$100, with an aggregate sum of \$100,000 with the right of redemption when the surplus warrants such redemption. The directors have not yet taken advantage of the power granted.

### Receiver for Globe of Oklahoma

OKLAHOMA CITY, Sept. 18.—Clifton Ratliffe has been appointed receiver for the Globe Fire of Oklahoma City, following application filed in district court by J. D. DeBuchanan, a stockholder. Last February Commissioner Jesse G. Read had directed the Globe to reinsure all liabilities 100 percent in a company of good standing that had been admitted into the state. Impelled by the advice that the com-

pany official staff had been changed, the commissioner ordered an examination. As of July 31, admitted assets were \$32,212, with \$6,818 liabilities. Capital stock was listed at \$50,496, which reflected an impairment of \$25,102.

Because of the commissioner's precaution in directing 100 percent reinsurance, policyholders are protected from loss.

### Lumbermen's Mutual Convention

More than 100 insurance executives and other guests were present for the luncheon in Mansfield, O., commemorating the 40th anniversary of the Lumbermen's Mutual of that city. President Charles H. Keating presided. He took advantage of the opportunity to point out that "Life Begins at 40." The report showed substantial gains in volume and surplus for the first six months of this year. The surplus as of June 30 was more than \$900,000.

The principal speaker at the luncheon was George B. Chandler, secretary of the Ohio Chamber of Commerce.

Among the out of town guests were James S. Kemper, president Lumbermen's Mutual Casualty of Chicago; C. M. Purnort, president Central Manufacturers Mutual of Van Wert, O.; H. E. Stone, president Lumber Mutual Fire, Boston; F. W. Fowler, president Indiana Lumbermen's Mutual, and H. J. Pelstring, secretary Pennsylvania Lumbermen's Mutual of Philadelphia.

### Will Celebrate 80th Anniversary

NEWARK, Sept. 18.—The Firemen's of Newark, will celebrate its 80th anniversary in business in Dec. 3. The original capital of the company at the time of its incorporation was \$50,000.

### Miscellaneous Company Notes

California has licensed the Fall River Manufacturers Mutual with F. E. Slayter of San Francisco as general agent.

The Rossin has declared a semi-annual dividend of 30 cents a share and therefore goes on a regular semi-annual basis.

### NEW YORK NEWS

#### NASSAU COUNTY AGENTS ELECT

The Nassau County N. Y. Association of Local Agents has elected T. H. Darling of Rockville Center as president; H. A. James, Floral Park, first vice-president; R. E. Thompson, Valley Stream, second vice-president; Frank Townsend, Glen Cove, secretary; Miss Frances Mantell, Garden City, recording secretary; E. A. Ashdown, Hempstead, treasurer. The meeting was held at Mineola, L. I.

Mr. Darling was appointed delegate to the annual meeting of the National Association of Insurance Agents at Rochester. He was instructed to inform the National body that the Nassau association is opposed to compulsory automobile insurance, but if the people of the state desire it, the association feels that

it should cooperate with officials to adopt some method of reducing accidents and to obtain indemnity for innocent injured persons.

\* \* \*

### FIRE LOSSES FOR EIGHT MONTHS

Fire losses for August are estimated by the National Board as being \$18,137,060, a decrease of 5.9 percent from July of this year and a decrease of 7.5 percent from August, 1934. For the first eight months the losses total \$173,891,320 as against \$197,161,693 for the same period in 1934 and \$224,904,141 for the first eight months of 1933.

Below are given the monthly figures for the past three years:

	1933	1934	1935
Jan.	\$35,547,565	\$28,002,583	\$23,430,504
Feb.	36,661,481	31,443,484	25,081,025
March	35,321,248	31,312,359	24,942,703
April	27,825,970	22,028,943	23,267,929
May	24,338,714	25,271,459	21,238,205
June	21,578,609	20,005,692	18,499,675
July	20,004,049	19,484,027	19,293,619
Aug.	23,626,505	19,613,146	18,137,060
Total	\$224,904,141	\$197,161,693	\$173,891,320

Conducted by the Boston and Old Colony Insurance Companies

87 Kilby Street, Boston, Massachusetts

### Exhibit to Be Feature of National Agents Meet

There will be a substantial exhibit at the annual convention of the National Association of Insurance Agents at Rochester, Sept. 23-27. Five insurance companies have reserved space—the Camden Fire, the Aetna Fire, the Aetna Life, United States Fidelity & Guaranty and the Ocean Accident. Three Rochester manufacturers will have displays: Eastman Kodak Company, Taylor Instrument Company and the Todd Protectograph Company. The American District Telegraph Company will have an interesting display in charge of R. E. Maginnis, Chicago special agent. The capacity radio alarm which attracted so much attention at the A. D. T. exhibit at the Chicago fair will be on display in an improved form as well as models of the aero automatic fire alarm, the microphone burglar alarm and the A. D. T. supervisor's supervisory system.

The Aetna Life is expected to install its reactometer which measures individual reactions, particularly in connection with the motorist and the application of brakes. The Aetna Life is also planning to have a talking motion picture.

## Tips of the Month

SEPTEMBER, 1935.

LIBRA. The autumnal equinox approaches. The balance symbolizes equality of day and night. Virgil regarded the stars in Libra as a sign to start sowing winter grain. We should regard them as a sign to start sowing for fall and winter business. May your balance sheets show big gains.



The successful farmer is not haphazard. He follows a definite plan that through centuries has proved resultful. He ploughs. He plants. He cultivates. He knows there is no short cut. When harvest time comes, he gathers his golden sheaves and reaps his reward. The selling of insurance is no different. You must select your "fields" carefully for planting—those property owners who need insurance and can pay for it. You must "plough" your fields—acquaint these property owners with the quality of service your agency gives. You must plant the best "seeds" available—well-written letters and attractive folders which will arouse the interest of your prospects. You must cultivate your "fields"—personally follow up your direct-by-mail at regular intervals, month after month. Boston and Old Colony agents know where to "plough," are furnished with the right "seeds," and know how to "cultivate." They harvest their golden sheaves and reap their just reward. Are you interested?



on me. I feel very sure that you will be more than pleased with the sound companies we represent and our methods of doing business." Is it any wonder that this frank and friendly letter produces results? This idea is one of many in "Business Building Sales Letters," the book Boston and Old Colony agents use for their own profit.



The end of the month will see many oil burners started. It's not too early to make your plans for your Smudge Insurance drive. Go over your daily reports and make a list of those who use oil for heat. That's your prospect list. Then write to your company for a complete selling plan, suggested letters, and a supply of folders.

Fur coats will soon be coming out of storage. Better start laying the ground work for your Fur Floater campaign next month. Start to work on your prospect list, write your letters so that when October comes, all you will have to do is to drop them in the mail box and—

Reciprocity is an important thing in business today. So why not enclose the following note with checks going to business people in your community: "Enclosed you will find my check for \$..... in payment of ..... It is a pleasure to do business with you and I hope that when you are considering renewing some of your insurance, or contemplating new coverages, you will call

No matter how many companies you represent, you haven't enough unless you represent a company that offers you "Planned Progress"—that helps you plan your work efficiently and work your plan effectively. The Boston and Old Colony offers "Planned Progress" to men who feel that they can become better than average agents. Send for your copy of the book, "Planned Progress," today.

## EDITORIAL COMMENT

### Assaults on Agency System

MUCH discussion at the forthcoming convention of the NATIONAL ASSOCIATION OF INSURANCE AGENTS will be about attempts to take business away from agents. Every threat of this type has been thoroughly discussed, but very little has been said about one feature—that every one of these movements has been prefaced by a statement that in that particular case better service than agents could give was needed.

Right or wrong, such statements cannot be ignored. If they are correct, political pressure, threats of patronage reprisals and the like cannot do more than temporarily stave off the inevitable loss of business. Thus it should be definitely up to the NATIONAL association, not to fight progress, but to put its membership in a position where it can render a service of equal or better grade. On the other hand, if the statements are false, they should be spied at once. But it is useless to try to spike them unless the agents not only have facilities for giving improved service but are actually using them. Agents can be certain their competitors are using everything available.

Recent developments, particularly in middle western territory, have put powerful weapons in the hands of agents. Coverages such as the supplemental contract and the new merchandise and fixture form are aimed squarely at marine and non-affiliated competition. It

would be interesting to learn how many of the members of the NATIONAL association are actually using them, particularly how many of the members who do the most complaining about competition.

Last year one of the state association secretaries, in his annual report, stated that he hoped the day would come when insurance companies and the public would cease to regard agents' associations as in the same class with labor unions and similar organizations which seek only to advance their own interests. The fundamental distinction between a labor union of the undesirable type and a trade association, at least in the public mind, is that the latter favors research and progress in its field, while the former resists anything, including progress, which may temporarily prove costly to its members. A labor union business agent is proudest when he has compelled employers to hire two men to do the work which one can do with modern apparatus.

It is definitely within the power of the NATIONAL association and its component state and local associations to choose the class into which their organizations will fall. And we feel that at present the best step toward the right side would be to encourage and as much as possible to require their members to use all the weapons at their command before they complain about competition.

### Local Agents and Public Insurance

FROM time to time local boards do a very useful and intelligent piece of public work in formulating a proper program in the handling of insurance on public buildings. This same procedure has been followed in some localities in shaping up in a more business like way the insurance of religious bodies where there is supervision over a territory or diocese, as is found, for example, in the Catholic church.

Unfortunately the custom has been in many localities to hand out piece meal a slice of the public insurance to several agencies where the allotting of it has been regarded as political preferment. It is not surprising, therefore, when those having to do with the business administration of public bodies, in delving into their insurance program find that a hit or miss plan has been followed, that no one has given it special attention, that the insurance in some cases had been improperly allocated and that the methods were archaic. This only increases the sentiment in favor of a state fund.

There are only two logical methods

that should be pursued in regard to public insurance. First would be to allot a sufficient amount to one competent agency to justify it in supervising the entire insurance program. Another, and perhaps the most satisfactory method, is for the local board to appoint a competent committee to study the insurance program and then allot the insurance to members in a fair manner or allow the commissions to go to the board treasury.

A condition was brought out recently when the newly organized INSURANCE UNDERWRITERS ASSOCIATION of Rock County, Wis., began looking into the administration of the insurance on county property. One of the Beloit local agents, in going before the county board of supervisors, called attention to the manner in which the insurance had been handled. He showed that the county has 174 different policies with no uniformity as to dates of expiration, with some buildings over insured and some under insured and others not covered at all. When this was presented to the county supervisors they immediately

saw the necessity of having a survey made of all the insurable property to determine valuations. This will be done and a thorough inspection will be made of the property by a committee of the county board and an up-to-date simple plan of insurance will be presented.

The necessity of action of this kind is particularly desirable in states where there is already a state insurance fund. Local agents cannot censure public authorities if they find the insurance is handled in a far less efficient way than

private property. It is the business of local boards to assume a public duty and to pool their resourcefulness, ability and knowledge in formulating a proper plan for the handling of this insurance. Politics should be eliminated or at least minimized. If the public bodies receive competent insurance counsel and a proper program is laid out, the work is appreciated and the danger of a state insurance fund is tremendously reduced, because the only defensible reason for a fund is removed.

### Need for Technical Advisers

WOULD it be wise for organization fire insurance committees of company managers and executives having jurisdiction over technical lines to have present at their meetings some of the home office men who are in more immediate contact with the practical problems of administering and interpreting the rules and changes being considered?

The major executive has so many problems of policy, general administration, personnel selection and management plus underwriting decisions on large risks to face that it is impossible for him to maintain a close working knowledge of the technical insurance lines. The consequence may often be that at a committee meeting, he and the other major executives are called upon to legislate rules and regulations, the final working effect of which they can-

not visualize. Agents have always maintained that they should be consulted before major legislation is adopted because they do know practical effects in the field. If this is not to be done, would not the next best thing be to make more use of home office men who are a little closer to administrative detail?

It has been suggested that there would be less marching up the hill and down again if the technical administrators for some of the special lines were ready at hand during committee meetings to outline definite pictures on the effect of proposed legislation. Decisions might also be expedited at the meeting when the members are uncertain and feel it wise to postpone final decision until they can go back to their home offices and consult with the technical men there.

## PERSONAL SIDE OF BUSINESS

**Emil G. Pieper**, former president of the Rhode Island Fire is now making his headquarters at 49 Weybosset St., Providence.

**W. T. Reed, Jr.**, manager of the Washington service office of the National Association of Insurance Agents, is bereaved by the death of his father.

**Vincent L. Gallagher**, who is to become western manager of the Pearl in Chicago, was presented with a desk pen set and inscribed testimonial by the staffs of the inland marine, automobile, general cover and registered mail departments of the America Fore group at the head office. Mr. Gallagher is resigning as secretary of the America Fore to join the Pearl.

**T. J. Price**, president of the Young Agency of Zanesville, O., was in Chicago last week visiting the western departments of his companies. He was piloted by P. F. Baughman, northwestern Ohio state agent for the North America.

**W. B. Flickinger**, western manager of the Philadelphia Fire & Marine, is recovering satisfactorily from an operation performed last week at the Presbyterian Hospital in Chicago. Although Mr. Flickinger has officially retired, he has been going to his office in the western department of the North America regularly. The operation was performed

to correct a condition that has been causing trouble for some time.

**Howard L. Grider** of Cleveland is to be married to Miss Margaret Walsh of the same city Sept. 23. Mr. Grider, who is connected with the Glidden company, is a son of Harry Grider, assistant manager of the Western Factory in Chicago.

**E. J. Carter** of Detroit, state agent Scottish Union & National fleet, who was severely injured in an automobile accident early in July, has been released from the hospital and is convalescing at his home. He suffered bad fractures of the legs and was badly bruised in the crash.

One of the social events in which insurance was a highlight was the marriage of **Thomas William Earls**, vice-president of the Earls-Blaine Company, and vice-president of the Laws Insurance Agency Company of Cincinnati, and Miss Blanche O'Donovan in St. Ita's Church, Chicago, last Saturday. Mr. Earls is a son of W. A. Earls, head of the agency, and Mrs. Earls, Sr., is the oldest daughter of Thomas E. Gallagher, retired western manager of the Aetna Fire, who resides at the Union League Club in Chicago. The best man was William Thomas Earls of Cincinnati, star agent of the New England Mutual Life. Another brother, John Vincent Earls of New York City, who is connected with the

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head office of the National Surety, was an usher. The three married Earls' daughters and their husbands, who live in Cincinnati, attended the ceremony. The bridegroom and the best man are twin brothers. Mrs. Earls' father's name is Thomas and likewise Mr. Earls' father's name. Therefore the first and middle names of both twins were switched. The Thomas represents both grandfathers and the William represents the father of both twins. Mrs. Francis H. McKeaver of Chicago, one of the famous Gallagher sisters, was present at the ceremony. There was a wedding breakfast served at the Edgewater Golf Club, there being between 150 and 200 present.

One of the interested spectators, who had a front row seat was the grandfather of the bridegroom, Thomas E. Gallagher, who appeared in all his pristine glory, wearing a silk hat, cut away coat, bat winged collar, white cravat, lavender gloves, gray spats and light striped trousers.

**A. A. Maloney** of Santa Monica, Cal., former Missouri field man, later assistant western manager of the Continental and subsequently Pacific Coast manager, who retired from business some years ago, is in Chicago following a trip to Canada and the Atlantic seaboard with his nephew. He purchased a new car in Detroit and is motoring to the coast.

**John F. Stafford** of Babson Park, Fla., retired western manager of the Sun, and Mrs. Stafford, announce the marriage of their daughter, Jane Stafford Houston to Ralph D. McGee at Chicago. Mr. and Mrs. Stafford spent the summer in the north but returned to Babson Park where Mr. Stafford has a citrus grove.

**Earl R. Horton**, assistant secretary of the Pawtucket Mutual Fire, Pawtucket, R. I., is recovering from an appendectomy. Mr. Horton has been out of the office for a few weeks but expects to be at work again shortly.

**B. Goff Snyder**, vice-president Snyder Brothers general agency, Louisville, who has been ill for five weeks following a heart attack, under instructions from his physician plans to take a long rest from business. Mr. Snyder has been with the company for eight years and prior to that was in the Kentucky and Tennessee field for the old Henry Clay fire of Lexington, Ky., and previously with the field organization of the Boston in Indiana as state agent.

**Donald R. McLennan**, of Marsh & McLennan, Chicago, and his son Don-

ald, Jr., are expected to return in a few days from abroad on the French liner "Normandie." They have been in Europe since early in July.

**Paul C. Yankey**, retiring president of the Wichita Insurors, has returned from a vacation spent with his family in Minnesota and Wisconsin including his boyhood home at Horicon, Wis. The Yankeys have announced the marriage of their daughter, Nancy, to Donald W. Reed of Wichita on Sept. 21.

**W. B. Leedy**, of W. B. Leedy & Co., pioneer local agency of Birmingham, and of Leedy-Glover, Inc., general agents for a number of fire and casualty insurance companies, committed suicide. He had been in ill health.

**Henry W. Carlisle**, vice-president of Marsh & McLennan, at the Chicago office, has returned to his desk after having been convalescing for ten weeks in the Evanston, Ill., hospital, following an emergency appendicitis operation. Although it was an acute attack with a ruptured appendix and Mr. Carlisle is 74 years of age, he came through the ordeal with flying colors. He has been associated with Marsh & McLennan since the consolidation in 1904 and identified with the same interests for upwards of 60 years. A few days ago he celebrated his 60th anniversary in the insurance business.

**J. H. Ashton**, prominent local agent and chairman of the men's division of the 1935 Kansas City, Mo., charity campaign, will discuss internal solicitation at the 1935 Mobilization for Human Needs, Sept. 23-24, Washington, D. C.

**F. J. DeCelles**, Massachusetts insurance commissioner, has received a commission from Governor Ruby Laffoon of Kentucky, appointing him "Admiral of Massachusetts Bay." The distinction is bestowed on Commissioner DeCelles as a result of a recent fishing experience when the commissioner lassoed a goodly sized haddock in Massachusetts bay by the tail.

**I. H. Ramaker**, assistant secretary Security Fire of Iowa, has been re-elected governor of District No. 2 of Gyro International.

A new membership drive for the **Indiana Blue Goose** is under way with E. R. Hubbell as chairman of the committee. An initiation is scheduled for October 21.

The September meeting of the **California Blue Goose** of Los Angeles, was marked by the initiation of five goslings.

## Observation on U & O Cover Looking to Revision

One of the authorities on use and occupancy insurance addresses THE NATIONAL UNDERWRITER on the discussion that has arisen over the address of Frank L. Erion of Chicago, independent adjuster, on his new proposal for this form of cover. The letter says:

"Along with your correspondent, whose letter you quote in your issue of Sept. 12, this writer is much interested in Mr. Erion's recent discussion of use and occupancy insurance, and joins your correspondent in congratulating him on his address.

"The writer once had the temerity to prepare a somewhat similar form which he submitted to the late W. N. Bament, who in turn showed it to other eastern authorities, and their consensus was that such form 'would furnish a working basis from which a suitable form might be developed.' The writer believes that that conclusion accurately fits Mr. Erion's proposed form, and doubts, furthermore, whether Mr. Erion ever offered his form as 100 percent perfect, and rather fancies that he would be glad to compromise if his form could be ac-

cepted as 'a working basis' upon which some marked improvement over the present form might be evolved.

"And it seems to this writer that your correspondent has laid himself open to as great or greater criticism than has been aimed at Mr. Erion. Taking the '\$3,600,000 gross earnings (the sum of net profits and all expenses under normal operation estimated for one full year ahead)', how does he arrive at the conclusion that 'the old per diem form requires \$3,600,000 insurance if the business ran uniformly day after day, or more if it became necessary to increase the amount of daily recovery because of fluctuations'? If the writer's information is correct, the 'old' (and present) per diem form contemplated the deduction from that \$3,600,000 gross profit of such amount as is required to pay avoidable expenses—meaning those that do not continue during business interruption, thus requiring much less than \$3,600,000 insurance, whether the business 'runs uniformly day after day' or not.

"As to the thought that the insured

(CONTINUED ON LAST PAGE)

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For Over Fifty Years Good Friends of Local Agents

# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Constitution Changes Asked

Several Proposals to Be Submitted at Michigan Agents' Annual Meeting at Muskegon

DETROIT, Sept. 18.—Several important changes in the constitution of the Michigan Association of Insurance Agents will be recommended by the governing committee at the convention in Petoskey Sept. 30-Oct. 1.

One would enlarge the Detroit district, which now includes only Highland Park and Hamtramck, to include all of Wayne county and would also create two new districts, one in southwestern Michigan, including parts of the present western and central districts, the other to be formed by dividing the Upper Peninsula into two districts. The governing committee would be increased from eight to 11 members besides Clyde B. Smith of Lansing, who is an honorary life member. Two additional members would be allotted to the Upper Peninsula, which now has one representative, and the third extra place would go to the new southwestern district.

President Grow feels the younger members should be given a chance to participate more in the management of the association but in order to retain the "wheel horses" of the association, he favors a state council, to include the past officers and directors and act in an advisory capacity.

Another proposal likely to be presented is to close the associate membership classification, which consists of company representatives. It would not abolish the classification but simply close it to additional members after a specified date. There are now 21 state agents, branch managers and special agents affiliated.

There have been efforts to induce President J. A. Grow of Detroit to accept a renomination, but with his refusal, J. W. Mundus of Ann Arbor, vice-president, probably will be elected president. J. M. Crosby, Jr., of Grand Rapids, chairman of the committee that staged the Grand Rapids convention of the National association last year, will be advanced from treasurer to vice-president and the only contest will be for treasurer. Martin Mullally and C. D. R. Mulder, both of Muskegon, are considered the most likely candidates.

### Must Remit to the Company

The Michigan supreme court has ordered the Cadillac Agency of Detroit to remit to the Fireman's Fund net premiums on a risk, for which the agent could not collect from the assured.

Dunn was the assured. He was adjudicated a bankrupt and the Cadillac Agency filed a proof of claim in its own name for the amount of the unpaid premium, while the Fireman's Fund brought an action to recover the unpaid premium amounting to \$388 net, after deduction of commissions.

The supreme court held that it is reasonable that a foreign insurance company employing a local agency would look to it to investigate and take the credit risk and responsibility for the premium. The Cadillac Agency prepared the contract and it must be rigidly construed against it. It was intended that the Cadillac agency paid the Fireman's Fund the balance due the company within 60 days after the close of the month in which the business was reported.

Louis Engel, president of F. D. Hirschberg & Co., St. Louis, has returned from a two-month vacation trip to Hawaii.

### Cincinnati Agent Is Honored

#### C. C. Rothier Rounds Out 50 Years in the Local Business in His Home City

C. C. Rothier, a bulwark of Cincinnati insurance many years, was tendered a dinner by the field men of the companies represented in his office at the Maketewah Country Club Sept. 12, in honor of his 50th anniversary in the business. He was presented a handsome etching depicting the old Cincinnati canal. Mr. Rothier, who is in his 70's, is very active in the firm of C. C. Rothier & Co. There were 32 present.

Those attending included R. L. Mouk, secretary central department North British & Mercantile, New York; T. J. Irvine, president United Firemens, New York; B. G. Dawes, chairman Eureka-Security, Cincinnati; F. S. Dauwalter, assistant manager Queen; W. S. Foster, associate manager North America, Chicago, who observed his 50th anniversary July 6.

J. F. Schweer, secretary Cincinnati Fire Underwriters Association; J. H. Burlingame, Jr., manager Western Adjustment; L. A. Finch, manager Underwriters Adjustment; L. J. Schweer, superintendent Ohio Inspection Bureau; Barney Houston, chief Cincinnati fire department; E. J. Ader, superintendent Underwriters Salvage Corps; all of Cincinnati. H. Y. Walton, J. A. Ditmars and Donald Clark represented the Rothier agency.

R. S. Winnard, Columbus, state agent Fire Association and president of the Ohio Fire Underwriters Association, was toastmaster.

### Nebraska Tax Attack Filed

#### Temporary Injunction Obtained by Continental, Acting for Itself and Other Companies Affected

LINCOLN, NEB., Sept. 18.—The threatened legal attack on the constitutionality of the law that recently became effective, levying a 2 per cent tax on gross premiums of fire insurance companies in incorporated cities and villages, the proceeds to be used for the benefit of sick, injured or disabled firemen, has been launched in the district court here by the Continental, acting for itself and other companies in like situation. Counsel has also been retained by the National Board to make a similar attack. In the ordinary course of procedure more than a year is likely to elapse before a final decision in supreme court is reached, but an effort will be made to expedite the suit.

The court has issued an order temporarily enjoining Insurance Director Smrha from enforcing the penal portions of the law relating to refusal of license to companies that do not pay, and also halting the payment by the state treasurer of any fees that may come into his hands, until further order of the court.

#### Attack Made on Four Fronts

The attack is launched on four principal fronts. It is alleged that as members of fire departments or companies are not employees of the state, and the fire insurance companies not governmental agencies, the tax takes their property without due process of law, the state having no constitutional authority to levy such a tax.

It is further contended that the legislature is without power to levy taxes on the inhabitants of municipal corpora-

tions for any purpose other than to pay operating expenses of the state, and that the law in question seeks to levy such taxes for a particular class of private citizens.

It is alleged that the law is ex post facto in character, in that it provides for an assessment on premiums collected in 1934, which premiums were not subject to the tax when collected and so remain the property of the companies.

It is further set up that the law is in the nature of a penal act subjecting the insurance companies to the penalties of forfeiture of the right to do business, and that that portion of the property in cities and villages that does not carry insurance will receive the same benefits from the fire departments without being required to pay any sum for the purposes of the tax.

Other points alleged are that the title is defective, that the law is an appropriation bill but did not originate, as the constitution provides, in the house, and that the state treasurer is forbidden by the constitution to make such payments to cities and villages as this law requires.

### Files Intervening Petition in Missouri Fire Rate Case

JEFFERSON CITY, MO., Sept. 18.—Little importance is attached to the new intervening petition filed in the Cole county circuit court by R. M. Sheppard, Kansas City attorney for 10 small policyholders, attacking the proposed compromise settlement of the fire insurance rate litigation. Sheppard asked the court to order return to the policyholders affected by the state case involving the 16% percent increase in fire, windstorm and lightning insurance rates. Some \$1,786,657 impounded premiums is held in the court's custody.

The petition asked the court to set aside an order directing fire companies to post \$25,000 bond on their appeal to the Missouri supreme court from adverse lower court judgment, and to require bond "adequate to protect the policyholders' interest in the impounded fund."

In a general way the new petition is similar to the intervening petitions Sheppard presented to a special three-judge federal court at Kansas City involving the rate increase. In that litigation \$9,750,000 is impounded.

### Quincy Outing Oct. 9

The annual frolic of the Board of Underwriters of Quincy, Ill., is to be held Oct. 9 at the Quincy Country Club. There will be a gathering of the clans at the Lincoln-Douglas hotel the previous evening. This has come to be one of the most enjoyable local board outings and always attracts a large turnout of company people. N. M. Winters is president of the board and V. G. Musselman is secretary.

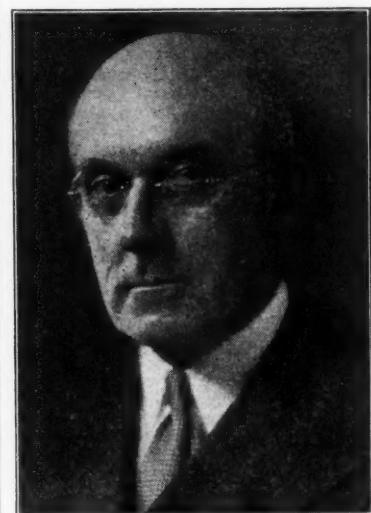
### Plan Kenosha Campaign

KENOSHA, WIS., Sept. 18.—At the monthly meeting of the Kenosha Association of Insurance Agents, plans were made for participation in Fire Prevention Week and in a local automobile safety campaign. Leo Barden is chairman of the committee working with the vocational school committee on a safety campaign for Kenosha.

### Ware Conducts Insurance Course

MINNEAPOLIS, Sept. 18.—With a practical insurance man in charge, a course in general insurance will open at the University of Minnesota extension division Oct. 1. Seventeen class sessions will be held, one a week, the final one Feb. 4. P. H. Ware, head of the Ware Agency, Minneapolis, and secretary-treasurer of the Minnesota Association of Insurance Agents, will

### Convention Host



W. G. McCUNE

The Michigan Association of Insurance Agents, in holding its annual convention in Petoskey, Sept. 30-Oct. 1, is paying a courtesy to W. G. McCune of that city. Mr. McCune served as president of the Michigan association two or three years ago and he has been seeking to have the association meet in his city for some time. Petoskey was also chosen because it is conveniently located to the agents of the upper peninsula of Michigan and a good attendance from that section is expected.

be the instructor and will be assisted by other experienced insurance men.

Mr. Ware was one of the founders of this course, which each year attracts a large number of insurance men. The course fee is \$10. The text used is "Insurance" by A. H. Mowbray. It covers all forms of fire and casualty insurance. Classes are held Tuesday evenings on the university campus.

### Promote Safety at Beloit

BELUIT, WIS., Sept. 18.—Promotion of public safety, especially as it concerns highways and automobile traffic, will be instituted by the Beloit Insurance Underwriters Association through a special safety committee named by W. J. Divine, Jr., president. A permanent safety council comprised of local business and civic leaders and organizations may be established.

### Purpose of the Appeal

The Illinois insurance department, in taking an appeal to the state supreme court from the decision of the Sangamon county circuit court invalidating the agents' qualification law, is seeking primarily to get a decision on whether the entire act is unconstitutional or merely section 11, which provides for revocation of license.

The decision in Sangamon county held specifically that section 11 was unconstitutional and then went on to say that since section 11 is so interwoven with the balance of the act as to render impossible that the act should be efficacious without this section, that the entire act is invalid.

The department apparently will not make much of an attempt to have section 11 declared constitutional, but it is interested in having the rest of the act validated. Then the department feels it will be easy to correct the flaws in

section 11 and put through an amendment.

The department feels that a bill can be drafted providing definite procedure for conducting hearings in revocation of license in such a way that the objection to the present law that it bestows arbitrary power upon a ministerial officer can be overcome.

#### Gilbert Committee Chairman

ST. PAUL, Sept. 18.—Louis A. Gilbert of Gilbert & Gilbert has been named chairman of the executive committee of the Insurance Exchange of St. Paul. Robert A. Burns and H. S. Matteson have been named delegates to the national convention at Rochester with Cecil Read and Leo Ritt alternates. President S. C. Aldridge of the exchange also will be a delegate, representing the state association.

#### New Kansas Adjusters

The Central Kansas Adjusting Company has been organized at Wichita by W. H. Moore and R. E. Hawks, with offices in the Wheeler, Kelly, Hagny building. Both men are well experienced, Mr. Moore having many years' experience with the Western Adjustment in several offices including St. Louis, Wichita and Minneapolis. Mr. Hawks specializes in casualty claims, having many years of claim experience in addition to operation of an agency at Horicon, Wis. Both were formerly with Sheffer-Cunningham, Wichita.

#### Plan Wichita Meetings

WICHITA, KAN., Sept. 18.—John H. Burns, Jr., new president of the Wichita Insurors, presided at the first regular meeting of the year, conducting an open forum on program possibilities. Many suggestions were given, including a continuation of the educational programs inaugurated some six months ago which have met with general favor. Frank T. Priest, National association executive committeeman, reviewed the news of the business at every meeting, including his personal comments.

#### Perrine Resigns

CHARLESTON, W. VA., Sept. 18.—C. W. Perrine, field agent of the West Virginia insurance commissioner's office, has resigned after undergoing an operation in Baltimore for a brain tumor.

Mr. Perrine expects to reenter the insurance business at Morgantown, W. Va.

#### Hylant Opens Toledo Office

Edward P. Hylant, Inc., has been incorporated to do an agency business at Toledo, O. Mr. Hylant was formerly secretary of Kountz, Stieg & Whitaker Company and is head of the new incorporated agency. Walter B. Hilton, fire insurance rating and engineering man, is vice-president. Offices have been opened at 1503 Second National Bank building, Toledo.

#### McGowan Has High Grades

M. E. McGowan, Penn Mutual agent at Steubenville, O., was the first insurance man to take the new Ohio agents'

examination. He made a grade of 99 in the surety examination, 97½ in fire and 95 in casualty. Mr. McGowan is a graduate of the University of Michigan and has been in the life insurance business four years.

#### Upholds Receivers' Removal

LINCOLN, NEB., Sept. 18.—The Nebraska supreme court has reaffirmed its position that after the insurance director has named an attorney for the receiver of an insurance company he becomes an officer of the court and can be removed only by the court.

#### Not Enforcing "Gas Gadget" Law

Ohio's new "gas gadget" law has gone into effect, seeking to compel owners of public buildings to install gas-leak "detectors" at a cost of \$7 each, but no one, it seems, has complied with it. Tests of the gadgets, it is asserted, have shown that they restrict gas service instead of helping it. State Fire Marshal Frank Henry declared, in discussing the new law, that he will make no effort to enforce the law, as he questions its value and has no men to make inspections.

#### Sentenced for Embezzlement

ST. LOUIS, Sept. 18.—G. R. Neece, 27-year-old accountant for the Mercantile Insurance Agency here, was sentenced to two years in the state penitentiary when he pleaded guilty to embezzling \$4,800 from the agency.

#### St. Louis Agency Has Affiliate

The Marine Underwriters Corporation has been formed in St. Louis by W. C. Ploeser, R. B. Moseley, F. O. Watts, Jr., S. A. Morgan and L. G. Lower. The principal stockholders of the new corporation are also interested in the Ploeser-Moseley-Watts agency, Cotton Belt building, which has built up a substantial marine insurance business in recent months. The new corporation will take over this business and further develop that field while Ploeser-Moseley-Watts, will handle general lines.

#### Kansas Losses Down

With a reduction of \$317,000 in August fire losses Kansas losses for the first eight months have declined \$1,257,477 or a 44 percent reduction.

#### Kansas Meeting Plans

Ted Hussey of the Hussey Agency, Topeka, has been appointed chairman of the golf committee for the Kansas Association of Insurance Agents' convention in Topeka Oct. 16-18, and is securing a large list of prizes. Ed. Nellis, general chairman, reports the program is nearly completed.

#### Middle West Notes

G. H. Fleetham, 64, for 20 years proprietor of the Fleetham Agency in Wyandotte, Mich., a suburb of Detroit, died there.

Denzil Lowe of the McNaghten agency has been appointed chairman of the fire prevention committee of the Hutchinson, Kan., Insurance Board.

## IN THE SOUTHERN STATES

#### Acts on Branch Office Plan

#### San Antonio Exchange Will Not Admit Agents That Deal Direct with the Policyholders

The San Antonio Insurance Exchange adopted an amendment to its constitution providing that the following will be ineligible to membership:

(1) Agents who represent a company, or a company member of a group which deals direct with the public in Bexar county, Texas; (2) agents who represent a company which maintains or

through group association or otherwise is affiliated with a production branch office located within the jurisdiction of the exchange.

A note provides that "where a company writes multiple lines the maintenance of an office for the life and health and accident lines would not render an agent representing said company ineligible so long as said company is not in violation in this jurisdiction on fire, casualty, surety, marine and kindred lines."

The term "production branch office" (or any other name by which it may be called) is defined as "an office where business is written direct for the public

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Rated A Plus

and

Its Subsidiary

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High Ethical Standards

Progressive Service

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(INCLUDING LIABILITY) AND PLATE GLASS.

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DALLAS, TEXAS

## RHODE ISLAND INSURANCE COMPANY

31 Canal Street  
Providence, Rhode Island

STATEMENT, JANUARY 1, 1935

#### Assets

Stocks and Bonds.....	\$2,587,529.86
Cash Balance .....	374,745.00
Agents' Balances Outstanding .....	349,683.38
Accrued Interest, Other Assets .....	41,515.70
	<hr/>
	\$3,353,473.94

#### Liabilities

Reserve for Unearned Premiums.....	\$1,454,043.17
Losses in Course of Adjustment.....	120,623.00
Reserve for Taxes, Expenses, All Other Liabilities .....	169,031.06
Capital Stock.....	\$1,000,000.00
Net Surplus Beyond All Liabilities	609,776.71
	<hr/>
Surplus to Policyholders .....	1,609,776.71
	<hr/>
	\$3,353,473.94

Note—All bonds and stocks are carried at Actual Market Value.



A Strong, Conservative New England Company

# 1794 1935

**THE INSURANCE COMPANY  
OF THE  
STATE OF PENNSYLVANIA**  
PHILADELPHIA, PA.

**ANNUAL STATEMENT December 31, 1934**

Reserve for Unearned Premiums .....	\$1,658,641.67
Reserve for Losses Under Adjustment.	222,651.91
Reserve for Taxes and all other Claims	152,295.71
CASH CAPITAL .....	1,000,000.00
NET SURPLUS .....	1,164,346.10
 TOTAL ASSETS .....	\$4,197,935.39
SURPLUS TO POLICYHOLDERS	\$2,164,346.10

Actual Market Value

**Acquire  
THE OLD "STATE OF PENN"**

**PROVIDENT FIRE INS. CO.  
Fire and Automobile Lines**

**ROYAL EXCHANGE  
ASSURANCE**

**CAR and GENERAL  
INSURANCE CORPORATION, LTD.**

**Automobile, Liability and Plate Glass**

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TREATIES**

**Eagle Fire Insurance Company  
(NEW JERSEY)**

**Baltica Insurance Co., Ltd.  
(DENMARK)**

Franklin W. Fort

Thomas B. Donaldson

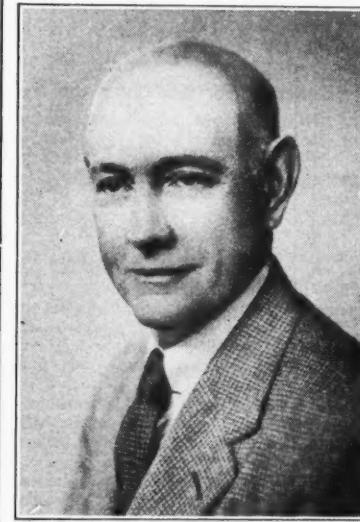
18 WASHINGTON PLACE, NEWARK, N. J.

or where an agent is furnished with office space and (or) clerical services and (or) telephone and (or) other facilities or extra inducements, thus saving him (or her) the time and expense of maintaining a regular office with a clerical force for the proper conduct of the business of a recording agent as defined in Article IV of this constitution and constituting him (or her) a mere broker or salesman or solicitor in direct employ of the company itself in contravention of the principles of the American agency system and this exchange."

**Simpson Is Named President**

**Succeeds Gambrell at Helm of Dallas  
Association; Seek National  
Convention in 1937**

A. T. Simpson, of Simpson & Cathey, Dallas local agency, was elected president of the Dallas Insurance Agents Association at the annual meeting. R.



A. T. SIMPSON

H. McLarry and J. R. Smith were chosen vice-presidents, and Fred C. Jernigan, secretary-treasurer. The new board in addition to the officers includes: C. T. Smith, Aubrey Costa, M. J. Mittenthal, A. I. Brilling, D. H. Houseman, Paul Kirkpatrick, G. M. Seay and the retiring president, E. C. Gambrell. Alfonso Johnson is manager.

**Seay to Extend Invitation**

Mr. Seay was delegated to extend a personal invitation to the National Association of Insurance Agents to hold its 1937 annual convention in Dallas where it met in 1930. Mr. Seay, R. W. Thompson and Alfonso Johnson will represent the Dallas association at the Rochester convention.

The retiring president's annual report was enthusiastic as to present condition of the association and its future possibilities. Not only the insurance fraternity but the general public has benefited greatly by its activity, he said.

**Mississippi Agents Active  
in New Organization Work**

MERIDIAN, MISS., Sept. 18.—Agents of Meridian and vicinity with cooperation of President M. W. McLaurin of the Mississippi Association of Insurance Agents, have organized the fourth regional district, composed of the following counties: Kemper, Lauderdale, Clarke, Jasper, Newton, Smith, Scott, Simpson, Rankin, Neshoba, Leake, Winston and Madison.

A. H. Smith, Meridian, was elected president, R. L. Godwin of Forest, vice-president, and Mrs. L. E. Wilson of Newton, secretary-treasurer.

Mr. McLaurin, accompanied by Ramsey W. Roberts, state secretary, and Wirt Yerger of Jackson visited the first

**Work Out Plan to Cover  
Texas Centennial Risks**

A plan for handling fire and wind-storm insurance on the Texas centennial exposition to be held at Dallas in 1936, under which Dallas agents will share in the commission in proportion to the purchase of centennial bonds, has been worked out by E. C. Gambrell, retiring president Dallas Insurance Agents' Association, who is associated with the Seay & Hull agency.

The plan provides for the insurance to be written through the Franklin Fire, which would issue a master policy, re-insurance being arranged by the T. A. Manning & Sons general agency. Texas companies would write 45 percent of the business, participating as follows: Gulf of Dallas, 20 percent; Republic of Dallas, 15 percent; Trinity Universal, Dallas, 10 percent, and Commercial Standard, Fort Worth, one-twentieth of the share going to the Gulf, or 1 percent. Other leading companies would get the balance of the line.

A special placement committee consisting of G. M. Seay, William Ellis and George Dexter, approved the plan of allocating the business.

meeting of the fourth regional district at Newton to assist in formation of rules and regulations.

**NEW NATCHEZ BOARD**

NATCHEZ, MISS., Sept. 18.—The Natchez Insurance Exchange has been organized with W. J. Burns as president, and 100 percent membership. M. W. McLaurin, Laurel, president, and R. W. Roberts, executive secretary, of the Mississippi Association of Insurance Agents, and Wirt Yerger, Jackson, assisted in the organization.

**Senate Committee May Probe  
Texas Insurance Department**

There has been much interest in the action of the Texas state senate in appointing a committee to investigate different departments in the state. This committee was created to probe all the departments or any as its discretion dictates. The insurance men are wondering whether it intends to delve into the insurance department. The insurance department was mentioned a number of times during the debate as a possible ground for investigation largely on the charge that rate inequalities against the assured were in evidence. There was no moral violation of any kind hinted at.

**Williams to Present Complaint**

John Sharp Williams, III, of Yazoo City, insurance commissioner-elect, and national councillor for the Mississippi Association of Insurance Agents, has gone to Rochester, N. Y., to represent the association before the national committee in a complaint lodged by the Jackson Board and the association. Sidney Smith of Gainesville, Ga., will assist Mr. Williams.

**Plan Texas Fall Meets**

FORT WORTH, TEX., Sept. 18.—Plans are now being worked out by the officers of the Texas Association of Insurance Agents for the fall series of regional meetings which will probably begin in October.

**Reese Is Elected President**

BIRMINGHAM, ALA., Sept. 18.—Louis Reese, Sr., is the new president of the Birmingham Association of Insurance Agents, succeeding J. B. Morgan. Other officers elected at the annual meeting were C. Van W. Cornell, vice-president; A. A. Adams, Jr., chairman grievance committee, and C. S. Henegan, chairman membership committee. Members of the executive com-

# INSURANCE ATTORNEYS

• The Insurance law firms whose professional cards are shown on this and the succeeding pages have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

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& Davies  
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Insurance Attorney  
Birmingham, Alabama

## ARIZONA

KIBBEY, BENNETT, GUST,  
SMITH & ROSENFIELD  
PHOENIX, ARIZONA  
John L. Gust Fred W. Rosenfeld  
Frank O. Smith H. L. Divelbess  
GENERAL INSURANCE PRACTICE

FREDERIC G. NAVÉ  
512 Valley National Bldg.  
Tucson, Arizona

Aetna Group, American Auto., Connecticut  
Indemnity, Fidelity & Casualty, The Massa-  
chusetts Bonding, The Travelers and other  
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General Insurance Practice

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Slaymaker, Merrell & Locke  
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751-760 Consolidated Building  
INDIANAPOLIS

White, Wright & Boleman

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Counsel for: Aetna Life Group, Fidelity & Cas. Co.  
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New Amsterdam Cas. Co., Preferred Acc. Ins. Co.,  
Royal Ind. Co., Standard Acc. Ins. Co., Amer.  
Surety Co., General Acc. Assur. Corp., Mass. Bond-  
ing & Ins. Co., Ocean Acc. & G. Corp., U. S. Cas.  
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Specializing in Insurance Law. Equipped for Trial of Cases, Investigations and Adjustments over South-eastern Kansas.

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Walter L. Clark Roszel C. Thomsen  
Clare W. Smith  
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Baltimore, Md.

**Law Offices**  
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Hagerstown, Maryland

## MASSACHUSETTS

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mittee are J. B. Morgan, J. L. Ebaugh, Jr., R. A. Brown, P. A. Eubank, Jay Smith, John Dearborn and T. A. Hamilton.

A secretary will be selected by the executive committee to succeed F. L. Smith, who has resigned to accept another position.

### Johnson on Committee

J. H. Johnson, Mississippi insurance commissioner, has been appointed chairman of the legislative committee by President M. W. McLaurin of the state association. During the special session of legislature, sometime in October, this committee will represent the association in presenting bills important for the insurance men of Mississippi.

### Urge Arson Drive

JACKSON, MISS., Sept. 18.—Making arson and all other kinds of fires unpopular and hazardous should be the goal of all Mississippians, J. H. Johnson, insurance commissioner, and L. T. Wheeler, manager Mississippi State Rating Bureau, declared at the state firemen's association meeting, in commenting upon the benefit to the state which will be derived from a lower fire loss. During 1932, fire losses amounted to 92 percent of the premiums, Mr. Johnson said. But during 1934, the losses were only 31 percent of the premiums paid. "A continuation of such a low percentage of losses is bound to materially affect insurance rates in this state."

Fire hazards and fire prevention were discussed by the three state insurance leaders. The convention also heard J. F. Wadkins, vice-president of the International Association of Firefighters, Fire Commissioner A. F. Hawkins and Chief L. F. McDonald of the local department.

### FHA Mortgages Not Recognized

LITTLE ROCK, Sept. 18.—Fire and casualty companies in meeting Arkansas requirements for license cannot substitute insured mortgages of the Federal Housing Administration for \$100,000 bond or cash deposit in an equal amount, Attorney-General C. E. Bailey has held in construing provisions of Act 51 of 1935. In drafting the bill the legislature intended to extend to all insurance companies the privilege of substituting FHA mortgages for cash or bonds in meeting license requirements. Fire and other casualty companies, however, were not specifically named and hence must conform to requirements of the previous law.

### East Bay Name Changed

At the annual meeting of the East Bay Association of Insurance Agents in Oakland, Cal., it was voted to change the name to the East Bay Insurance Exchange. The membership comprises local agents from Oakland, Berkeley, Alameda, Piedmont and other adjoining cities and towns.

### Mascara Elected at Pasadena

The Pasadena Association of Insurance Agents at its annual meeting elected the following officers: T. A. Mascara, president; J. K. Ingham, vice-president; Helen Thomas, treasurer, and W. F. Knight, Jr., secretary. Executive committee men are: W. P. Welsh, M. C. Diddy, and J. E. Hisey, Jr.

### Miscellaneous Notes

The R. P. Hahne Agency, 419 McKinley street, Gary, Ind., has been incorporated.

The E. P. Hyland Insurance Agency, Toledo, has been incorporated by E. P. Hyland, M. C. Hanna and H. C. Laughlin.

John Wyne, owner of the Hill County Agency at Hillsboro, Tex., died following an appendectomy.

M. S. Denman, vice president Witmer-Kaufman-Evans Co., has been chosen chairman of the 1935 Des Moines community chest campaign.

The United Insurance Agencies, Camden, Ark., is changing its name to Purifoy & Stern Insurors. G. S. Purifoy is president and J. D. Tibbets is secretary.

## PACIFIC COAST AND MOUNTAIN

### Can Insure in the Mutuals

#### California Supreme Court Hands Down a Decision as to Power of School Boards

There has been much controversy in California over the right of mutual companies to insure public property. The California supreme court handed down a decision upholding the right of school boards to take mutual insurance. Attorney General Raub of California has consistently ruled against the mutuals for a number of years. The California high tribunal states that the appellants contended that section 6.2 of the school code is unconstitutional in purporting to authorize a political subdivision to become a stockholder in an insurance corporation and to lend its credit to a corporation, in violation of the California constitution.

"The supreme court, however, ruled that taking of insurance in a mutual company with limited liability does not mean pledging of credit by the political subdivision. 'The lending of credit, if any, is by the insurance company to the public body; and neither the letter nor the spirit of the constitution is violated by the transaction,' the court declared."

This aggressive action by the mutuals, coupled with the admission of numerous out-of-state mutuals to California during the past 12 months, is taken as an indication that the "last stronghold of stock insurance"—as California has been described by the mutuals—is to be the scene of an active mutual-stock company campaign during the next few months.

#### Watrous Named President

SACRAMENTO, CAL., Sept. 18.—George Watrous was elected president of the Sacramento Insurance Exchange at the annual meeting, succeeding J. B. McClatchy. L. W. Heringer was elected vice-president and H. J. Thielen, secretary-treasurer. P. R. Hullin and M. L. Daviss were elected executive committeemen. Retiring President McClatchy was elected delegate to the National Association of Insurance Agents' convention at Rochester.

#### Chowen Speaks on Safety

W. A. Chowen, manager California Inspection Rating Bureau, spoke before the San Francisco Women's Safety League on the need for more extensive educational activities along safety lines. The women held a safe-driver test at the meeting which was judged by R. L. Mannon of the Fireman's Fund and Guy C. Macdonald.

#### San Francisco Insurance on Schools 18 Million

SAN FRANCISCO, Sept. 18.—Public schools here are now covered with fire insurance in stock companies amounting to \$18,400,000, according to T. A. Brooks, city purchasing agent. Within the next few weeks, as three new schools progress further toward completion, this amount will be increased by an additional \$2,000,000. In April, 1934, San Francisco's board of education purchased the first insurance ever placed on its properties. This was on school buildings undergoing reconstruction to be made earthquake proof. Two serious fires occurred and the companies paid losses amounting to \$250,000. In accepting these payments Mayor Angelo J. Rossi stated that the insurance saved the taxpayers five cents on the tax rate which otherwise would have been necessary to rebuild the structures.

That experience and the constant agitation maintained by interested parties finally resulted in an opinion from the attorney-general that the board of education must insure its school property.

nia Traffic Safety Council. The program was repeated over radio station KJBS in San Francisco.

#### Talks to Accountants

The future of commercial aviation and the extension of air mail service was explained at the San Francisco Insurance Accountants Association's meeting by Dalton McCarthy of the United Airlines.

#### Women's League Meets

Mrs. Bruce M. Ashton of the San Francisco agency of the Connecticut General Life spoke to the San Francisco Insurance Women's League on opportunities and the service of life insurance. Neil Greene, district manager National Automobile Club in Oakland, discussed the service of that organization.

#### Has 87.2 Percent Renewal

SAN FRANCISCO, Sept. 18.—The National Automobile Club had a renewal record of 87.2 percent in July, according to H. E. Manners, associate general manager. This not only shatters all previous renewal records of the club but, according to Mr. Manners' information, is the highest ratio ever recorded by any motorists' service organization.

### MARINE NEWS

#### War Risk Rates Increased

#### London Lloyds Cancels Standard Coverage in Potential War Zone, Greatly Boosts Scale

War risk clauses in ocean marine, hull and cargo policies were canceled this week by London Lloyds as covering in the Mediterranean and Suez Canal, due to the Italo-Ethiopian imbroglio. War risk coverage must be secured separately or included in ordinary contracts at special extra rates. Ten days notice was given. The special coverage is subject to 48 hours' notice of change.

Norwegian ships carrying non-hazardous cargoes are mainly affected by the special rates, according to newspaper cable dispatches from London. The rates at present quoted for war risk coverage in the possible war area are said to be five shillings per £100 (about \$1.25 per \$500) for time charters, and

two shillings six pence (about 60 cents) per £100 for six months cargo.

The dispatches state London Lloyds on Sept. 16 was quoting 15 to 1, or 6 percent, odds against Great Britain be-



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ing involved in the war; 20 to 1 against France or any major power being involved, and 100 to 1 against the United States and any major power being dragged into it.

Quotations on war risk coverage recently were considerably increased by American companies.

**Termites Cause Much Damage**

**Marine Underwriters Get Inquiry as to Whether Property Owners Can Be Insured**

NEW YORK, Sept. 18.—One of the prominent inland marine underwriters of this city has received an inquiry regarding insurance against termites. It was prompted by the closing of the John Hays Hammond museum at Gloucester because of an invasion of termites which threatens to destroy many of the art treasures contained in the building. The woodwork and floors were found to be hollow shells and many of the paintings on the walls were damaged by these insects. Termite insurance would be a bad risk at best unless a very thorough examination of the property was made at frequent intervals.

**Ohio Committee to Study Inland Marine Definition**

COLUMBUS, Sept. 18.—President Hugh L. Meek of the Ohio Association of Insurance Agents has appointed a committee to study the inland marine definition, which has been submitted to the Ohio department by the marine

companies. The association has been granted a hearing by the department before action is taken, and the committee will meet Tuesday to hear any one who may wish to present any ideas. It will check against Ohio laws and will make suggestions to the trustees as to the course to be pursued by the association. Members of the committee are C. O. Ransom, Cleveland, chairman; B. A. Agler, Youngstown; W. J. Kountz, Toledo; W. P. Dolle, Cincinnati, and Walter Burkley, Columbus. Mr. Meek also appointed a committee to meet at the same time to study the question of insurance on financed cars. It is as follows: Herbert Boynton, Toledo, chairman; C. C. Rudibaugh, Youngstown; C. C. Hooven, Dayton, and S. D. Reichelderfer, Chillicothe.

**Ieuter with Ohio Farmers**

The Ohio Farmers and the Ohio Farmers Indemnity announce the appointment of W. C. Ieuter, formerly with the Indiana Inspection Bureau as special agent in Indiana with headquarters at 708 Union Title building, Indianapolis.

**Lowry to Marsh & McLennan**

Willard E. Lowry, special agent of the Fireman's Fund western marine department in Chicago, has resigned and joined Marsh & McLennan's Chicago office in the marine department. He has been connected with the Fireman's Fund since early in 1930. Mr. Lowry is a University of Michigan graduate. His place in field work with the Fireman's Fund is being taken by M. P. Zendzian, who recently went with the office as underwriter.

**EASTERN STATES ACTIVITIES**

**Give Philadelphia Premiums**

**Returns for the First Six Months of 1935 Show an Increase of 5 Percent**

The Philadelphia fire insurance patrol announces that for the first six months the aggregate premiums of stock and mutual companies in Philadelphia amounted to \$3,792,778, an increase of \$194,778 or 5 percent over the similar period of 1934. The Philadelphia stock companies showed premiums \$1,420,185 as compared with \$1,387,919. The other state stock had \$1,845,837 as compared with \$1,757,520. The foreign stock premiums were \$447,339 as compared with \$396,579. The mutuals had premiums \$274,314 compared with \$270,700.

**Leaders Are Given**

The leaders in the six month period are as follows:

	1935	1934
Alliance	\$ 36,947	\$ 36,198
Fire Association	143,287	110,263
Franklin	338,845	368,525
Girard	41,563	32,962
Ins. Co. of N. A.	420,010	419,297
Lumbermen's	46,721	39,132
Mechanics	47,304	51,740
Pennsylvania	159,740	149,932
State of Pa.	39,921	35,359

**Ohio State Companies**

Aetna	33,788	47,098
Automobile	32,692	25,057
City, N. Y.	32,579	37,607
Commonwealth	31,499	25,883
Continental	49,532	54,894
Fireman's Fund	37,274	34,043
Great American	30,264	29,898
Hartford	47,248	46,792
Home	94,996	91,392
National Liberty	125,344	138,119
New Brunswick	32,603	31,387
New Hampshire	33,769	27,600
Niagara	42,439	34,236
Springfield	31,895	33,781
Travelers Fire	41,555	33,456
L. & L. G.	41,090	39,399
North B. & M.	53,001	55,144
Royal	74,123	74,485

**Adds to Examiners Staff**

BOSTON, Sept. 18.—Fifteen new men have been added to the examiners department of the Massachusetts insur-

plants, mostly sprinklered and fires occurring here should be local. In apartment houses serious fires are probable.

**Rogers Elected Secretary**

S. P. Rogers, vice-president State of Pennsylvania, has been elected secretary of the fire insurance patrol of Philadelphia, succeeding the late C. B. Hill.

**Motor Insurance Events**

**To Discuss Insurance Cover**

**Annual Meeting of the National Association of Sales Finance Companies at White Sulphur**

The annual meeting of the National Association of Sales Finance Companies will be held at White Sulphur Springs, W. Va., Sept. 26-28. W. S. Mays, head of the Mays Insurance Agency of New York City, will be chairman of a round table discussion, Sept. 26 on "Insurance Coverage." C. R. Arbaugh, vice-president Insurance Premium Finance Company of Pittsburgh, will be chairman of the round table discussion on "Standard Forms," and H. F. Albers, assistant treasurer National Guarantee & Finance Co. of Columbus, will lead the discussion on "The Financing Contract." This will be at a meeting of the insurance premium division of which Mr. Arbaugh is chairman.

**Discuss Finance Issue**

The directors of the National Automobile Underwriters Association at a meeting in New York last week devoted most of their time to discussion of the automobile finance business. This was a continuation of the discussion that was held at a special meeting in Chicago early this summer. Final action was not taken on any point.

**Dakota Conditions Improved**

**Field Men Find a More Optimistic Outlook and More Promising Business Situation**

FARGO, N. D., Sept. 18.—Insurance men throughout North and South Dakota are more optimistic as to business conditions in the two states. A year ago this section was faced with a drought which continued through the entire season but this year there was considerable rainfall and late snows also helped to bring much desired moisture to the soil. The spending of government money in the two states has been of material benefit and merchants and other business men say that there are far more cash customers than there have been for some time. Field men declare that the situation has improved agency-wise and they look for an increase in premiums. Farm companies are still moving cautiously, not desiring to extend themselves to any great extent. Field men see no need of changing their underwriting policy as with money easier and times looking up, the insurance situation will improve.

**Miscellaneous Notes**

**N. K. Elkington**, San Francisco insurance attorney, is candidate for supervisor of the city. He is a past president of the Junior Chamber of Commerce.

**Harrison Sargent**, son of the late C. P. Sargent, who died suddenly in August, is carrying on the business of his father in the C. P. Sargent & Co., Seattle.

**Colonel Dan J. Coman**, formerly Gerlinger, Richards & Co., Portland, Ore., for many years, has returned to Portland and is again associated with the agency.

**W. H. Moore**, Wichita, Kan., independent adjuster, who was confined to a local hospital for several weeks following a major operation is much improved and able to spend considerable time at his office.

There are very few manufacturing

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# The National Underwriter

THIRTY-NINTH YEAR  
No. 38

CHICAGO, CINCINNATI, SAN FRANCISCO AND NEW YORK, THURSDAY SEPTEMBER 19, 1935

Office of Publication, 175 West Jackson Boulevard, Chicago, Illinois

OHIO AGENTS  
CONVENTION NUMBER

## Ohio Men Forge Ahead in Membership

### Ohio Machinery Runs Smoothly

Annual Meeting of the State Association of Insurance Agents

HUGH L. MEEK PRESIDED

Schedule of Events Brought Out a Number of Interesting Features and Practical Talks

COLUMBUS, O., Sept. 18.—A somewhat unusual plan was followed the first day of the annual convention of the Ohio Association of Insurance Agents in that there were two simultaneous committee meetings held in the morning prior to the opening of the convention proper. One, presided over by H. L. Boynton, Toledo, occupied itself with a discussion of insurance on cars mortgaged to finance companies. At the other, at which C. O. Ransom, Cleveland, acted as chairman, arguments for and against the adoption of the proposed inland marine definition were heard. Both of these meetings were open to all in attendance.

The convention was called to order on Tuesday afternoon by Vice-president F. P. O'Connor of Lima. He explained that the Ohio association is completing its second year in its reorganized form. E. S. McTree, chaplin of the Ohio senate, delivered the invocation. Robert Peattle, secretary to Henry L. Worley, mayor of Columbus, offered a few

### NEW OFFICERS ELECTED

#### PRESIDENT

Francis P. O'Connor, Lima, Ohio

#### VICE-PRESIDENT

Harvey S. Martin, Toledo

#### NATIONAL COUNCILLOR

Hugh L. Meek, Columbus

#### SECRETARY-TREASURER

John A. Lloyd, Columbus

#### NEW TRUSTEES

Austin McElroy, Columbus; I. S. Hewit, Youngstown, and Paul Kridler, Fremont. Holdovers—W. V. Hayes, Marietta; W. A. Earls, Cincinnati; J. Ben Wilkinson, Piqua; A. W. Kette, Marion; W. E. Flickinger, Cleveland; C. R. Laurenson, South Canton.

words of welcome, response to which was made by Guy M. Nearing, Bowling Green. President Hugh L. Meek, Columbus, next gave the annual address, and presided at all of the remaining business sessions.

#### Secretary Lloyd Tells of Membership Gain

Robert O'Brien, Columbus, outlined the rules to govern throughout the convention. Secretary John A. Lloyd read his report and evoked applause when he stated that a membership gain of 203 had been made during the year. He also presented a constitutional amendment that was adopted.

Frank T. Priest, Wichita, chairman of the finance committee of the National Association of Insurance Agents, spoke on some of the outstanding problems currently confronting agents today. Mr. Priest said that he addressed four similar gatherings last month. His remarks

were pertinent, forcefully delivered and favorably received.

The report of the nominating committee was presented at the close of the initial session, the voting occurring on the final afternoon. The get together dinner in the evening was a large and enthusiastic affair. Business was taboo. Major Norman Murie, author and lecturer, was the speaker, commentator and raconteur. A floor show provided an eye-filling diversion.

#### Activities of the Final Convention Sessions

Activities of the second convention day began at eight in the morning with a breakfast conference for the officers of local boards with L. U. Jeffries, warden of the Ohio department officiating. Austin H. McElroy, Columbus, opened the regular program with his report of the legislative committee Frank West,

(CONTINUED ON LAST PAGE)

### Ohio Association in Front Rank

Agents Organization Is Third Numerically in Membership Class

#### GOOD WORK BEING DONE

Buckeye Domain Has a Large Number of High Class Men Who Back the Organization

By H. J. BURRIDGE

COLUMBUS, O., Sept. 18.—Successful, growing and aggressive, the Ohio Association of Insurance Agents held its annual convention here on Tuesday and Wednesday. The association has just completed one of its best years. In fact, it may be said that at the moment the organization is at the very top of its stride.

During the year the membership total has jumped from 678 to 881, a gain of 203. Third among the state units, it is close to the total of New York state, and the enthusiasts assert that in another year the Ohio association may stand at the top of the list so far as members are concerned.

To H. S. Martin, Toledo, goes most of the credit for the healthy membership increase. He served as membership committee chairman. In addition to plenty of members the association has money in the bank, has no unpaid bills, and has

(CONTINUED ON LAST PAGE)



FRANCIS P. O'CONNOR, Lima  
New President



HARVEY S. MARTIN, Toledo  
Vice-president



HUGH L. MEEK, Columbus  
Retiring President



JOHN A. LLOYD, Columbus  
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**Issues Warning**



**ROBERT L. BOWEN**  
Ohio Insurance Superintendent

Mr. Bowen in his convention talk warned against persons selling alleged cover under financial responsibility act in unlicensed carriers.

**Responsibility Law  
Administration Is  
Discussed by West**

The practical aspects of the administration of the new Ohio financial responsibility law were discussed by Frank West, registrar of the state bureau of motor vehicles at the Ohio Association of Insurance Agents' annual meeting. Intense study has been required in setting up the machinery and in prescribing the procedure of administering the act. Although a number of states already have financial responsibility laws, there are enough differences in the new Ohio act to require entirely different procedure to make it function. Forms have been furnished to every court in the state for reporting convictions and unsatisfied judgments to the registrar. In making up the form, information which the insurance companies might desire were anticipated and this data will be available from the registrar. When report is received, notice is sent to the defendant requiring his appearance before 30 days to show his ability to respond in damages or his license rights or privileges to operate a motor vehicle will be revoked. At the end of 30 days an order of revocation is sent out if the requirements are not met.

Although many insurance companies have asked the registrar to approve their forms of policy, Mr. West said that inasmuch as the law is not intended to be compulsory on any one to carry insurance but that it requires those whose record shows that they are not financially responsible to prove their financial ability, it is his belief that the approval or disapproval by the registrar of any particular form of policy would not be his function under the law. It might be interpreted as favoritism, he said. There are several forms of procedure that the department has not definitely decided upon, but since it is merely a matter of choosing one of several, they will be taken care of in due time.

In commenting on the enforcement of law, Mr. West said that in the past any attempt to legislate must necessarily work a hardship and to some extent infringe upon the inherent rights of the innocent. Therefore the enforcement of the law should not go one step beyond the provision made by the legislature and Mr. West said he intended to follow this procedure. The public will be clearly informed as to the merits of the law and they should be in position to direct its

**Stabilization of  
Casualty Is Urged**

President Hugh L. Meek of Ohio Association Advocates Definite Action

**GIVES ANNUAL REPORT**

Suggests Possibilities of Rating Bureau in Working Out Solution—United Front Needed

Stabilization of the casualty business in Ohio, even if it necessitates establishing a rating bureau, was advocated by President Hugh L. Meek in his annual report. "There is certainly no greater need in the business than for the stabilization of the casualty insurance end, and I sincerely hope that during the next year this association will make definite strides in the way of conferring with companies and attempting to work out a solution to the problem. Perhaps new legislation will be needed, but whatever the need, we should work to that end," declared Mr. Meek.

A united front to work out the problems of the business was also urged by Mr. Meek in order that the business may move forward. Scattered effort and failure to have a common viewpoint work for the destruction of the American agency system. Mr. Meek expressed great faith in the future of the business and organized agents. The whole security of the insurance system is wrapped up in the stability, the prosperity and the possibilities for public service of the agents, he declared. He called attention to the satisfactory growth in membership, pointing out that there were still hundreds of agents who should join the organization. As the association grows its responsibilities grow and the importance of its work increases. The legislative achievements of the association in directing the attention of the legislature successfully to the need for higher standards in the business would make its existence worth while even if it does nothing else. However, the record of the organization is replete with other worth while, indispensable service.

future course through their legislators. Mr. West expressed gratitude for the association's and Secretary Lloyd's cooperation.

**Ohio Association Reports  
Increase in Membership**

An increase of 203 in member agencies for a total of 881, and a gain of 1,015 in agents, for a total of 4,405 was announced by John A. Lloyd, secretary-treasurer of the Ohio Association of Insurance Agents at the annual meeting. Two special flying squadron drives proved effective membership builders. The high all time mark in agency members is 903 and the association hopes to pass the 1,000 mark this year. Mr. Lloyd in discussing the work of the insurance department said that Commissioner Bowen had been operating the insurance department in a most efficient manner. He said his administration was the best in history. Mr. Lloyd reported a cash balance of \$759 in the association treasury and said the organization is on a sound financial basis.

THE nearness of an agent to his company headquarters is a vital factor in getting or holding business. Ohio agents of Pearl-American Fleet companies are doubly fortunate in this respect. No matter where they do business they are close to the Fleet offices at Cleveland or Cincinnati. Complete home office facilities are available to agents in these two cities.

No matter how you want to communicate with headquarters, whether by phone, rail, bus, plane, telegraph or automobile you'll find (if you are a Fleet agent) that the home office is but a matter of minutes away.

We have an interesting story to tell agents who want to associate themselves with the Pearl-American Fleet.



## PEARL-AMERICAN FLEET

PEARL ASSURANCE CO., Ltd., United States Branch

MONARCH FIRE INSURANCE COMPANY

EUREKA-SECURITY FIRE & MARINE INSURANCE CO.

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**BEWHISKERED IDEAS**

The sound policies laid down by the founders of this fire insurance company—old "bewiskered ideas" to some people—have guided this company through 70 years of national ups and downs.

Today—those same policies hold true. The Reliable Fire Insurance Company is a sound institution because the calibre of our officers and directors has remained unchanged through 70 years of service.

**Wm. F. Kramer  
Secretary**

**RELIABLE**  
*The* Fire Insurance Co.  
of DAYTON, O.

An independent Ohio Company with a current Surplus to Policyholders of \$1,064,871

## The *only* organization of .. By .. and For Agents!

THE OHIO ASSOCIATION OF INSURANCE AGENTS is the only statewide organization of agents, exclusively, in the Buckeye state.

It Represents The Agent's Viewpoint.  
It Fights the Agent's Battles.

To every Ohio agent, the state Association is indispensable—It is the last line of defense for your business.

**Are You Supporting Your State Association?**

**The OHIO ASSOCIATION of  
INSURANCE AGENTS, Inc.**  
Atlas Building, Columbus, Ohio

# Inland Marine Coverage Discussed in Conference

Considerable discussion developed at the committee hearing held to consider what recommendation should be made to the Ohio insurance commission relative to the interpretation of inland marine underwriting coverage and powers as adopted by the National Convention of Insurance Commissioners June 2, 1933. C. O. Ransom, Cleveland, presided.

E. S. Davis, Cleveland, said that 32 states have adopted the commissioner's interpretation, although 18 have amended it in some way. Nebraska rescinded it after adoption. The adoption of the standard interpretation would make it impossible for fire companies to write personal property floaters, Mr. Davis said. The personal property floater is popular, the fire company premiums on it in Ohio amounting to from \$320,000 to \$350,000. The adoption of the marine definition would be a blow to agents, Mr. Davis said.

### Other Local Agents Express Their Views

Paul W. Kridler, Fremont, said that the spectacle of the companies "getting out of the fire business and into the insurance business" was a good thing. He expressed opposition to anything that might take from the agent the right to place personal property floaters in fire companies.

### Committee Studying Auto Finance Situation Reports

A committee headed by H. L. Boynton of Toledo gave consideration to the insurance of mortgaged automobiles and decided to go further into the question before submitting a report. It was stated that a number of the larger insurance companies are making arrangements through the banks for the financing of automobile purchases, the literature on the subject to be furnished by the insurance companies through their agents. It was advised that agents educate the prospective purchasers of automobiles as to the advantage of taking out insurance in authorized insurance companies, by means of advertisements in newspapers and other media. The suggestion also was made that the agents seek to make arrangements with finance companies by which the insurance can be handled as a straight business proposition. It was found that in many instances the automobile dealer himself is the chief obstacle to the insurance on automobiles through authorized agents. These dealers, it was reported, pile on extra charges in one guise or another, which in the end amount in effect to a commission on the insurance. This is referred to in some instances as a "reserve." Much of this insurance is placed through cut rate companies and reciprocals, thus depriving the legitimate agent of a fair and correct premium and at the same time jeopardizing the interests of the automobile purchaser.

### CONVENTION NOTES

There was a total registration of 175. Wm. D. McLellan, vice-president and secretary of the American National, attended some sessions.

Open house was maintained by the **Home of New York** group with State Agent H. H. Chittenden in general charge. Wm. Quaid, vice-president Southern Fire and David Moore, assistant secretary National Liberty, also acted as hosts.

It was hot in Columbus, but nobody minded—the convention room in the Deshler-Wallack was **air-conditioned**.

Shorthand reporters recorded the **convention proceedings** in full.

E. O. Pierce, marine special agent, St. Paul F. & M., voiced objections to an approval of the interpretation. He said it restricts the coverage of the silverware policy, making it applicable only outside of the assured's residence. It contains restrictions as to the writing of installment floaters. The covering of property in residences under tourists policies is eliminated.

F. P. O'Connor, Lima, and M. M. Weibling, Youngstown, registered objections to Ohio's adoption of the standard interpretation as did H. W. Jones, Middletown.

Arguments in favor of adoption were presented at some length by H. E. Thatcher, attorney for a committee of five fire, five marine and two casualty companies. Mr. Thatcher said that 24 states have adopted the interpretation without change, eight with reservations, and three have rescinded it after adoption. All of the principal marine producing states except Ohio have adopted it. Altogether 260 fire, marine and casualty companies have signed the agreement.

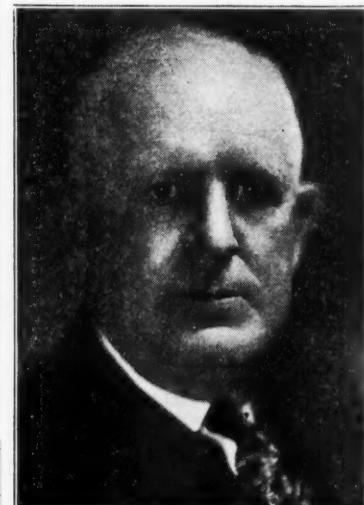
Mr. Thatcher urged adoption explaining that modifications could be made at any time if felt advisable. He recited the history of the interpretation of marine coverage and powers and the events leading up to it.

### Ohio Department Official Speaks on Licensing Act

COLUMBUS, O., Sept. 18.—At the breakfast conference, L. N. Jeffries, warden of the Ohio insurance department, explained the department's regulations concerning licensing of applicants under the new law. He said that licenses will not be issued to officers or employees of banks and building and loan associations, automobile salesmen, state or county officials drawing substantial salaries, or persons under 21 years of age.

However those engaged in these capacities prior to the enactment of the new law are being relicensed. The provisions of the statute are not retroactive. Various typical cases were outlined by Mr. Jeffries, who explained the department's attitude and the reasons for its rulings up to date.

### One of Speakers



**FRANK J. O'NEILL, New York City  
President Royal Indemnity**

## Teamwork Termed Essential by Cole

National Association President  
Finds Ohio Organization's  
Method of Work Ideal

### AGENTS MUST TAKE PART

Leader Says Producers Should Not  
Depend on Officers to Carry  
All the Load

Active participation of agents in affairs of their local and National associations is of far greater importance than many of them realize, President E. J. Cole of the National Association of Insurance Agents said in his address on "The Gift Without the Giver" at the Ohio Association of Insurance Agents' annual meeting in Columbus this week. Practically every major undertaking of the National association had its origin in one community, spread to the state, and then to the nation. When it goes so far, it must be handled on a national basis, when in many cases local action would have solved the problem and avoided endless complications.

This, Mr. Cole said, emphasizes the importance of local and national teamwork in agency ranks. Agents are not sharing in the true sense if they sit back and let the officers and a few vigorous members run the associations. No one man or small group of workers can do the job.

"Officers do not and cannot make the association, but its prestige and worth

are determined solely on the caliber of the members, and their interest and enthusiasm," Mr. Cole said. "Do you think you are sharing yourselves when you pay your dues and come to the convention, and then go home and forget about it except to find fault whenever any undertaking is contrary to your liking?

"It is easy to tear down but hard to build. Constructive criticism is welcome, but destructive fault-finding answers no useful purpose. During the course of this convention you will share your experiences, absorb new ideas that will help you in your day-by-day businesses. I say to you, go home and share those ideas with the agents of your town who were not fortunate enough to be in position to be here. In so doing, not only will you be lending a helping hand to your brother agents, but you will be helping so to impress upon the people of your community the fact that the insurance agents are on their toes, that you can successfully stem any threat of self-insurance or assessment coverage on the public properties.

#### Many Demands on Association

"It would be impossible, without daily access to the National association offices, to realize the scope of its activities and the maze of detail involved. The association is the creature of its members and no problem is too great and none too small to receive attention. But I think you would be astonished at some of the demands made upon it.

"It is no uncommon thing for it to receive demands to stop branch offices, keep General Motors out of the insurance business, abolish the Catholic Mutual Relief Society or the Church Properties Fire Insurance Corporation, keep my company from overhead writing, and the like.

"It may be considered a compliment for any member to believe that the administration of the National association is endowed with miraculous powers and can at will pull the requested rabbit out

## Automobile Lines Needing Sounder Basis in State

A meeting of the board of trustees of the Ohio Association of Insurance Agents was held the night before the opening of the convention to discuss the stabilization of the automobile business in Ohio. After a prolonged discussion, it was decided to instruct the incoming president of the association, F. P. O'Connor of Lima, to appoint a committee to confer with the companies regarding this question.

It is contended that the fire business has been stabilized to the satisfaction of all, but that in automobile insurance there are cut rates, fictitious fleets, and numerous irregularities. Some feel that a rating bureau should be established, others that corrective legislation should be enacted, and still others that new underwriting rules are needed.

It has been held that there is no regulation over automobile business in Ohio except as to rebates. The agents feel that the situation has become intolerable, and that a program for handling the business in a manner satisfactory to all concerned must be developed by the newly appointed committee.

of the hat. Unfortunately, things are not so simple as all that. Whatever the problem presented, we must weigh it carefully, and decide on what we believe to be the wise course. It requires time and effort and patience, but they are gladly given where the cause is just."

#### Compliments Ohio Agents

Mr. Cole complimented the Ohio association for its efforts to handle all matters possible through the local board and for reporting to the National association. He characterized this as

the "perfect example of true teamwork," keeping the National administration in close touch with conditions, without unnecessarily taxing its man power or financial strength. "Then if the problem assumes national proportions," Mr. Cole said, "the evidence is at hand, and there is no unnecessary delay in procedure. The Ohio agents are fortunate in having great strength of local boards and state association, which have shown keen judgment in handling problems, mindful of the possible nation-wide effect."

### CONVENTION NOTES

**John A. Lloyd**, secretary of the Ohio Association was, as usual, most efficient in his attention to all of the convention details. He was on the job all the time and in all the necessary places. He moved his office to one of the hotel rooms for the period of the convention. \*

**Wm. F. Kramer**, secretary Reliable Fire of Dayton, attended some of the sessions. He was accompanied by Mrs. Kramer.

Several marine **field men** were on hand because of the special session devoted to marine insurance.

The **Aetna Fire** group placed a package on each chair in the convention room containing a scratch pad, bridge score, note book and package of matches.

The **chairmen of the committees** that served during the convention were: Resolutions—J. S. Hilbert, East Liverpool; Rules—Robert O'Brien, Columbus; Nominating—J. V. Patterson, Findlay; Credentials—C. H. Cranz, Akron; Entertainment of Convention Speakers—F. P. O'Connor, Lima.

#### Miscellaneous Notes

**Kells Pugh**, who has been associated with the Atkinson Insurance Agency in Columbus, has become manager of the **Utica Insurance Agency** at Utica, Ohio. **Herbert A. Leight** has opened a general insurance business at **Stillwater, Minn.** Formerly he was connected with a Stillwater bank.

# The American National Fire Insurance Company Columbus, Ohio

HOME OFFICE: 50 West Broad St., Columbus, Ohio

**CHAUNCEY B. BAKER**  
Chairman of the Board  
**WILLIAM H. KOOP**  
President  
**ALEXANDER R. PHILLIPS**  
Vice-President  
**GERALD D. GREGORY**  
Vice-President  
**WILLIAM O. McLELLAND**  
Vice-President and Secretary  
**DANIEL R. ACKERMAN**  
Vice-President and Secretary  
**JOSEPH G. NIEDERLITZ**  
Assistant Secretary



#### OHIO FIELD MEN

##### EASTERN OHIO

Howard M. Huntsberger, Special Agent  
50 West Broad St., Columbus, Ohio

##### NORTHEASTERN OHIO

Hubert Lehr, Special Agent  
Williamson Bldg., Cleveland, Ohio

##### WESTERN OHIO

Edward W. Tinsley, Special Agent  
50 West Broad St., Columbus, Ohio

**Fire — Windstorm — Automobile — Inland Marine**

# SAFETY

DRIVING AUTOMOBILES  
DOES NOT NECESSITATE  
KILLING PEOPLE!

LET'S ALL DO OUR PART  
TO ELIMINATE RECKLESS  
DRIVING THAT COSTS  
MORE LIVES THAN WAR

36,000 LAST YEAR!

KANSAS CITY  
NEW YORK  
CHICAGO  
LOS ANGELES  
SAN FRANCISCO

EMPLOYERS  
REINSURANCE  
CORPORATION

E. G. TRIMBLE, President

# The National Underwriter

September 19, 1935

## CASUALTY AND SURETY SECTION

Page Thirty-nine

### Professional Code for Agents Urged

Commissioner Hunt of Pennsylvania Speaks for Cultivation of High Standards

### PEOPLE TRUST PRODUCER

Pennsylvania State Official Says Salesmen Should Be Prepared for Their Work

Insurance Commissioner Hunt of Pennsylvania in his talk before the Pennsylvania Association of Insurance Agents held out strongly for cultivation of professional standards among producers. He said the public does not have and cannot hope to have sufficient knowledge of all the facts concerning insurance contracts and their applications. They must put their faith in those with whom they deal. There is a need, he said, for specialized knowledge of insurance. No direct dealings between companies and the assured can take the place of the intelligent personal study of each individual risk or the agent, he declared. The casualty agent, he said, needs to be able to analyze the factors having to do with a compensation risk, experience, rating formula, safety and inspection aspects. If he is dealing with fire and affiliated lines he must be able to render full service and offer recommendations that will help the assured to perfect his insurance program.

#### Agency Qualification Bill

Realizing the need of higher standards in the business, Commissioner Hunt had introduced in the legislature an agency qualification bill which the companies combined to defeat. He thinks that there must be some more stringent licensed measure to protect the public against incompetent and ignorant salesmen.

Commissioner Hunt sees evidence of returning prosperity and he thinks that the standing of first-class insurance companies is an excellent index in this regard. Although their securities fell to low values, insurance stocks have increased in value in recent weeks.

#### More Complex Organization

Commissioner Hunt said that the whole modern life tends toward closer and more complex social organizations. The more national life is organized for security the more wealth people will have and the more there will be for everybody, he said. Social insurance is not only a necessity of the present time but it is a definite part in a program to produce more wealth for all, he added. He asserted that it is a mistake for agents to fight against progress in such forms as social insurance. The man who fights against progress, he said, is acting on the belief that there is no

(CONTINUED ON PAGE 47)

### Army Needed to Return U. S. to Reason: Dunham

Business today needs hundreds of men to lead the country from the Santa Claus factory and the dole back to sound economics, sane fundamentals and liberty again, Col. H. P. Dunham, vice-president American Surety, told the Insurance Advertising Conference at the meeting in the Westchester Country Club, Rye, N. Y., this week. The organization, he said, can be of great assistance in carrying the true philosophy of government to the people. The grafting professional politicians and their scheming henchmen should be eliminated. Colonel Dunham believes that intelligent voters yet will save America.

The public has an intense desire for knowledge about insurance, he said, although sometimes people imagine countless evils in the business which really do not exist in 99 percent of the companies. Insurance must get itself understood. This is a condition which challenges insurance publicity men. Reduction in earnings, accident frequency, safe economics are some topics that ought to be considered.

#### Too Much Legislation

Colonel Dunham roundly scored the widespread notion of the times that if there were only enough laws all problems would be solved and Utopia would be assured.

"This fallacy is gradually giving way to saner views of dealing with problems of government and business," he said. "We know that the astounding growth of the insurance business has been made possible by its great leaders who have met each problem as it has arisen and scorned the aid of legislators.

"While there are altogether too many insurance companies, I have long been of the belief that the operation of the law of economics can be relied on to settle the problem. Attempts to regulate economic conditions by legislation have proved abortive in the past as they will in the future."

#### Discusses Rate Factors

He pointed out that it is to the interest of an insurance company to keep its rates as low as possible, so that the benefits of insurance can be shared by the greatest number of people; when a company raises its rates it does so with great reluctance and only in the interest of sound business management. The job of insurance publicity men should be to spread the gospel of loss prevention and show the public that care means lower rates and carelessness higher rates, he said.

Casualty companies are doing everything in their power in the war against fraudulent claimants to reduce the evil and educate the public who serve on juries in negligence cases against the growing practice of returning excessive verdicts. But the people must cooperate with the companies on this work, for it is the only way the companies will be able to keep the rates down within reason, he said.

Colonel Dunham spoke on the subject, "The Insurance Company, the State and the People." From the company stand-

point, he said, the great commodity which it offers for sale is freedom from worry, the ability to go on living after catastrophe has inflicted the people. Insane and unnecessary competition, he said, is the fundamental cause of all troubles in the business and probably always will be. It is damaging to all concerned.

The Insurance Advertising Conference can help to eliminate this scourge. Modern American business vision shows that the way of general prosperity lies not in war-like encroachment on the business of one another, but rather in diligent study by each of the needs and desires of the public and scientific reduction of the costs of operation. These problems should be attacked with a united front.

Economy of company operation cannot be accomplished, he said, with excessive taxation. One of the important items of operating cost is state taxes and fees. United States Chamber of Commerce records show over \$455,000,000 was collected from this source in the period 1929-1933.

#### Taxation Real Menace

"Taxation when it becomes confiscatory will destroy any business," Colonel Dunham said. "It can work all manner of destruction and it creates nothing. But a small percentage of the taxes taken from insurance companies is returned for the maintenance of the insurance departments. It is poor economy on the part of a state to starve its insurance department. Insurance comes very close to the lives of a very large number of people and they deserve the best possible protection so far as their insurance is concerned.

"When an insurance company is licensed or a bank allowed to operate, then the people usually conclude that they are safe because they are under the immediate jurisdiction of the state. The state which endeavors to play politics with an insurance department lessens the effectiveness of state supervision. The appropriation for the operation of state insurance departments in a number of states is most inadequate."

### Status of State Funds Regarding Taxes Is Up

SAN FRANCISCO, Sept. 18.—The Status of state insurance funds in regard to federal taxation is being questioned and action is being brought against the California state compensation fund to establish the right of the federal government to tax the income of the fund's employees. If the government is successful in imposing the tax on the 342 employees it will undoubtedly then attempt to collect a corporation income tax on the income of the state fund. Inasmuch as this would probably go back to the fund's inception in 1914, the levying of the tax would seriously cripple the fund. The federal government maintains that the state fund is not a department of the state government and therefore in-

### Ad Conference Is in Annual Session

Palmer Is Reelected President at Sessions Held in Rye, N. Y.

### INTERESTING ADDRESSES

Varied Program Is Offered to the Members of the Insurance Conference

#### By DOROTHY B. PAUL

WESTCHESTER COUNTRY CLUB, Rye, N. Y., Sept. 18.—At the annual meeting of the Insurance Advertising Conference, C. A. Palmer, Insurance Co. of North America, was reelected president; A. A. Fisk, Prudential, vice-president, and A. H. Reddall, Equitable Life of New York, secretary and treasurer.

The conference opened here Monday. President Palmer presided over the general business sessions where reports of officers and committees were heard. The financial report presented by Secretary-Treasurer Reddall showed an increase in the resources. The membership committee report given by J. W. Mason, London Assurance, revealed a net gain of seven members, the conference now having a total membership of 121. As R. G. Richards, Atlantic Life and chairman frontier safety committee, was not present, D. W. Gibson, Maryland Casualty, read his report, which reviewed the history of the committee's activities and the effective work it has done in the past four years.

#### Standards of Practice

H. H. Putnam, John Hancock, reported for the standards of practice committee, stating that several national magazines have agreed to decline advertising from non-licensed companies and a law has been passed in Ohio not only forbidding such advertising in local papers but also restraining the circulation in that state of any outside publication carrying it. Following the other reports given, the present officers were renominated.

The members separated into group sessions. At luncheon a resolution presented by Mr. Putnam was adopted pledging members to support the campaign for highway safety which is now being conducted. L. R. Palmer, conservation engineer, Equitable Life of New York, spoke on "It Would Pay to Advertise Safety."

A. W. Nelson, National Board of Fire Underwriters, presided at the dinner Monday evening. Col. H. P. Dunham, vice-president American Surety, ad-

(CONTINUED ON PAGE 47)

come taxes should be paid by the employees.

The industrial accident commission is petitioning the United States Board of Tax Appeals for a hearing on the matter.

## Decries Compulsory Plan for Automobile Insurance

HENRY SWIFT IVES SPEAKER

Tells Rotary Club That Plan Used in Massachusetts Has Not Reduced Accidents

Henry Swift Ives, special counsel Association of Casualty & Surety Executives, spoke this week before the Islip, R. I., Rotary Club on compulsory automobile insurance. He said that the adoption of any plan to compel motorists to carry liability insurance is a confession that state and local governments are powerless to regulate and safeguard traffic adequately. In effect, he said, it is a scheme which subordinates safety to compensation and which substitutes for the human slogan, "Safety First," the barbaric creed "Pay As You Kill." He said further:

"It is only because the enforcement system has broken down, resulting in an annual increase in deaths and accidents, that compulsory insurance is suggested. Being unable to curb reckless driving, it is proposed that the state permit it to continue, provided there is some assurance that the heirs of the dead be indemnified and the injured be awarded the solace of a money settlement. This is an obviously uneconomic, anti-social, and even heartless solution of the problem of traffic control and should not be tolerated by a people who are proud to call themselves civilized."

"In my opinion, a sound public policy should dictate that public officials enforce the rules of the road as established by law to the end that deaths and injuries be reduced to a minimum and that offenders be adequately punished, rather than that provision be made to pay those who may suffer damage because of the illegal operation of automobiles. This is not a hopeless objective as many communities have demonstrated."

The Massachusetts compulsory scheme was advertised as an accident prevention device. However, since its inauguration accidents have materially increased in that state. In 1926, the year before the law took effect, 838,111 automobiles caused 681 deaths, 25,351 injuries, and 27,436 collisions, according to official records. In 1934, the 946,240 registered cars caused 921 deaths, 53,055 injuries, and 43,575 collisions. These figures need no elaboration. They are conclusive in establishing the fact that accidents have materially increased under the compulsory automobile liability insurance law."

### Fifteen Bank Holdups

There were 15 bank holdups, two burglaries and four attacks in the country in August, according to a compilation of the O. B. McClintock Company. There was \$26,764 taken from three national banks, \$25,600 from 11 state banks, \$62,000 from bank messengers and \$100,000 in various raids.

### Jackson Presents Certificates

President H. P. Jackson of the Bankers Indemnity this week presented final certificates of the Insurance Institute of America in the three-year casualty correspondence course to G. J. Fields, magna cum laude; G. J. Siegfried, cum laude; J. B. Stuart, cum laude, and in the three-year institute course in casualty insurance to A. B. Shaw, magna cum laude, all in his home office. Mr. Jackson, in making the presentations before the assembled home office staff, referred to the valuable opportunities offered by the institute and praised the diligence of the graduates in taking the work.

"Surety Underwriting" was the subject of an address of C. D. Porter, manager of Fidelity & Deposit, before the Active Club, Portland, Ore.

## Former Official Talks to the Advertising Men



HOWARD P. DUNHAM

Col. H. P. Dunham, former Connecticut commissioner and now vice-president of the American Surety and New York Casualty as head of the public relations department, spoke this week before the annual meeting of the Insurance Advertising Conference at Rye, N. Y.

### Michigan Law Fully Revised

Many Changes in Procedure Noted in New Rules Which Are Effective

September 21

LANSING, MICH., Sept. 18.—Coincident with the effective date, Sept. 21, of several new acts amending the workers' compensation law, the Michigan department of labor and industry is putting in effect new rules, the first to be adopted since 1928. They include many old regulations, but involve extensive revisions, rearrangement and reclassification.

One rule prohibits filing petition to stop or reduce benefit, unaccompanied by an "affidavit of some person acquainted with the facts, setting forth the employee's physical condition and extent of disability." In many cases expense of defending successive petitions has so crippled the injured employee financially he has been forced to allow the petitions to stand without challenge. Lump sum settlements are to be barred in future unless a medical certificate is provided the department to the effect that such settlement would improve the employee's mental condition.

The new law provides that in event of death from an industrial accident, the employer must pay up to \$200 burial expense plus cost of medical treatment prior to death; that, with the commission's approval, lump sum settlements may be approved which may not be altered or set aside by any subsequent showing of change of condition, and that a statement obtained from an employee at the time of an industrial accident may not be used in evidence later unless a copy of that statement has been furnished the employer. A companion rule in connection with the last-named act provides that a similar copy must be filed with the department.

### Fewer Automobile Fatalities

The Bureau of Census, Department of Commerce at Washington has issued a report showing that 38 fewer persons were fatally injured in automobile accidents in 86 principal cities of the country during the first 36 weeks of the year. The total for this 36 weeks period ending Sept. 7 was 5,680.

## Hoodoo Day Sales Drive Is Great Success This Year

### MANY AGENTS SELL 13 APPS

Membership in Exclusive Black Cat Club Increased as Result of Friday 13th Drive

Accident and health production reports received so far from companies and general agents indicate that national Hoodoo Day sponsored for the second time by THE ACCIDENT & HEALTH REVIEW in conjunction with the National Accident & Health Association Friday, Sept. 13, was, as anticipated, the greatest one-day drive in the history of the insurance business. Two companies that last year failed to qualify a single man for the Black Cat Club, this year report four agents who sold 13 or more policies. Both report a very satisfactory volume of business for the one-day drive.

The Earl B. Brink agency of the Mutual Benefit Health & Accident, Detroit, reported seven agents qualified for Black Cat Club memberships and "the greatest single day's production in the history of this agency." A total of 177 apps was received for combination accident and health policies. One agent wrote 21 combination accident and health policies and \$15,000 life.

### Great Sales Stimulation

This record is outstanding because this agency had a contest that ended at noon, Sept. 12, which discouraged agents from lining up prospects in advance. This agency says "We believe Hoodoo Day is one of the most meritorious sales stimulators yet devised."

An Aetna Life agency that sponsored a one-day campaign for the first time in its history reports four agents who sold 13 or more accident and health policies. This agency says, "It was the most successful campaign ever sponsored by our agency. We were much gratified over the results and in the future we can assure you that this agency will be one of your enthusiastic supporters of the national Hoodoo Day campaign." This agency gives much credit to Hoodoo News, the special pre-approach folder prepared by THE ACCIDENT & HEALTH REVIEW, for the success of the drive.

### Broker Sells 28 Policies

J. Robert Johnson, Chicago broker, reported selling 28 policies with a total premium income of \$349. He says "I am sure that I could not have sold so many policies had it not been for Hoodoo Day. Besides the apps signed on that day, many more were promised me for later dates and I feel will result in at least 15 more policies before the next 10 days have passed. It's a day that should stimulate pep in every broker and that's what we need sometimes—a little stimulation, and Hoodoo Day offers it in abundance. Here's hoping for more and bigger Hoodoo Days for ever and ever."

Fred W. Parsons, general agent, Massachusetts Protective, Richmond, Va., reports two of his agents qualified and all policies were written and signed on Friday, the 13th. E. Blair Apperson, Richmond, and Forest S. Towe, Charlottesville, Va., are the agents from this agency who won memberships in the Black Cat Club.

A Pacific Mutual general agent from Washington, D. C., reports that one of his men sold 13 apps with a premium volume of \$183.25.

### Hold Hoodoo Luncheon

Membership in the Black Cat Club now totals 99 but the record breaking, enthusiastic reports which are coming in to THE ACCIDENT & HEALTH REVIEW with every mail prove that the drive this year was truly national in scope, that in almost every city and village in the country some agent participated. Because of this, membership in the Black Cat Club, the world's most exclusive

## Urge Exact Science in Social-Economic Field

Insurance people will be interested in the new book, "The Partnership Way Out," which has just been published by Harper & Brothers, since the author is Ambrose Ryder, assistant vice-president in charge of the automobile department of the Great American Indemnity.

Mr. Ryder states that the book is an outgrowth of a hobby of his for many years on the subject of a scientific approach to the problem of social welfare. He feels it is the first attempt to present a complete analysis of the social-economic problem in its entirety together with a concrete proposal for a non-partisan cooperative attack. He states he hopes it will pave the way for a new exact science to replace the present-day political science. He feels that social disorders can be cured almost over night if political science were in the same stage of development as any of the exact sciences.

### Set of Proven Laws

"If legislators," he states, "could have for their guidance a set of proven laws and formulae on all phases of social economics, as engineers have on all phases of construction, they would be able to predict the results of their social planning with almost the same degree of accuracy that an engineer can now predict the performance of a mechanism before it has even passed the blueprint stage."

"No longer would it be necessary to expose the whole nation to the hazards of gigantic social experiments, founded in expediency, reared in politics and ready to topple over at the first puff of wind from the supreme court. Individual legislators are not to blame for the lack of knowledge on the subject of social welfare gained and verified by exact observation and correct thinking, methodically formulated and arranged in a rational system. The blame, if any, should be shared by the people as a whole for their complacency."

"I believe the time is ripe for some group of men to initiate a real non-partisan movement to combat all the petty jealousies and bitter factionalisms that are now filling the air from coast to coast. I see no reason why insurance men should not be interested in something of this kind because the solution of the nation's economic problem means as much to each man in the insurance business as the solution of all his insurance problems combined. I know of no insurance disaster that has cost 1/100 as much as this nationwide economic disorder has cost."

## Chicago Auto Accident Toll Is Much Reduced This Year

There has been substantial reduction in automobile accident deaths and injuries this year in Chicago. J. Dillard Hall, co-manager United States Fidelity & Guaranty, Chicago, reported in a talk before the Kiwanis club. Police department records for eight months show 9,634 accidents, a reduction of 1,437 from the 1934 total, 485 deaths, against 637, and 11,093 injuries, compared with 12,969.

accident and health organization, will be greatly increased.

An interesting feature of the drive in Chicago was when promptly at 12:13, 13 managers, all members of the Chicago Accident & Health Club, representing 13 different organizations writing accident and health insurance, met in room 1313 of a loop hotel for a Hoodoo Day luncheon. Three of the managers present reported they already had agents who had written 13 policies before noon. At this meeting D. W. Ellis, Illinois manager Monarch Life, was received as a new member of the Chicago Accident & Health Club.

## Guest Clause Elimination Makes Possible Lower Rate

### DECELLES MAKES STATEMENT

Massachusetts Commissioner States Projected Increase of 12 Percent Was Turned Into Cut

BOSTON, Sept. 18.—In a lengthy statement explaining some applications of the "guest clause" protection under the compulsory automobile liability insurance act of Massachusetts, as it stands today, Commissioner Francis J. DeCellles advised motor car owners "that prudent operators did not require the inclusion of protection for guest riders in their compulsory automobile insurance policies." The guest clause was eliminated for next year by the legislature and made possible an 8½ percent decrease in the expected 12 percent increase of rates for 1936, the commissioner said.

He stated that victims of an accident caused by negligent operation of a motor car driver are not deprived of their civil rights to recover because of elimination of the guest rider clause.

#### Makes Gratifying Comment

Insurance companies can view with satisfaction a portion of the statement enlarging on the necessity of the commissioner making rates according to experience rather than sentiment, particularly as there has been no lack of the usual attacks upon companies and their methods as being responsible for the higher rates.

"Every rate in the commonwealth is fixed upon the accident experience of that community," says the commissioner. "I couldn't change that if I wanted to. The figures are checked and rechecked by my department. I know that they are correct. The figures in my office are an open book. They are based on accident experience. There is only one way to change the rates, by reducing the losses."

#### Campaign on Garaging

Late in the week, Commissioner DeCellles stated, he will start a drive against illegal garaging. Owing to high rates in the metropolitan Boston district many car owners residing there register their cars from summer camping sites on the north or south shores. The commissioner requested Police chiefs and assessors in every city and town in the state to check "garaging" in their communities. He stated that as soon as he locates such non-resident car owners he will recommend their insurance be taken away and that the registrar of motor vehicles revoke their registrations for the rent of the year. "These are the people who are driving up the rates," declares Mr. DeCellles.

### Maryland Casualty's Bonds

During September the Chicago branch office of the Maryland Casualty signed a bond for the Great Lakes Construction Company on the St. Louis post office. The bond was written on the co-surety basis. Cost of construction amounted to \$3,600,000 and the premium was \$58,178. Early in the month the office also executed a co-surety bond for the S. A. Healy Company. This bond covered construction of dam No. 18 on the Mississippi river at Burlington, Ia. The contract price was \$2,500,000, premium \$30,085.

### Minnesota Compensation Hearing

ST. PAUL, MINN., Sept. 18.—A hearing will be held Oct. 8 on the proposal of the Minnesota Compensation Rating Bureau to re-rate compensation insurance business in Minnesota. The bureau has proposed a schedule that calls for an average reduction of 1.3 percent on all Minnesota business.

## Cincinnati Safety Director Urges Agents to Cooperate

### HAS PRACTICAL SUGGESTIONS

Told How Payroll Robberies Could Be Greatly Reduced—Many Occur Through Carelessness

F. K. Hoehler, Cincinnati safety director, addressed the meeting of the Cincinnati Casualty & Surety Association on reducing payroll robberies. He suggested that the association cooperate with his department and the police force in making the assured realize the danger of payroll robberies and suggested certain general precautions: Payment by check; use of armored cars; use of physically fit men mentally alert and with good eyesight rather than old trusted employees who are helpless when deprived of their eye-glasses; changing the route each time over which the messenger travels.

Mr. Hoehler stated that many robberies result through carelessness and the condition could be corrected through education. Assureds seem indifferent when an insurance company stands the loss, not realizing that they will have to pay a higher premium if the experience on this line becomes bad.

According to Mr. Hoehler, his department would cooperate with agents either sending out letters with specific suggestions which would decrease the danger of robbery which would be distributed by the agents to their clients; the department of safety would send out letters direct to clients calling their attention to precautionary measures which could be taken; or the agent could make specific suggestions to the assured himself.

Chief of Police Eugene Weatherly suggested that if an old, trusted employee were used, another man be sent along who could give an accurate description of the thief when attacked.

E. T. Dillhof, chairman legislative committee, reported the committee was working on a new drivers' license law which would be introduced at the next session of the legislature. A similar bill was vetoed by Governor Davey last summer.

If it seems advisable, the association will sponsor the showing in Cincinnati theatres of the National Bureau of Casualty & Surety Underwriters film, "Death Takes No Holiday."

#### Charges Political Favoritism

The Columbus "Citizen" played up the fact that the state building and loan division of Ohio has canceled a \$25,000 fidelity bond on employees of the Columbian Building & Loan Co., now in liquidation, and awarded it "to political friends of the Davey administration."

The bond that was canceled was handled by H. S. Atkinson, a local agent, and was placed in the National Surety.

The new bond is written in the Standard Accident through Ralph W. Clark and John D. Gillespie.

Mr. Clark is treasurer of the Franklin county Democratic executive committee and Mr. Gillespie is from Kent and is declared by the "Citizen" to be a close personal friend of Governor Davey.

W. H. Kroeger, state superintendent of building and loans, was quoted as saying that the bond was canceled and given to the Clark-Gillespie agency, "to spread the bond business around a little bit."

#### Employers Mutual Claim Shifts

H. H. Ungrodt has been put in charge of the claim department of the Eau Claire, Wis., office of the Employers Mutual Liability of Wausau. He previously was in the claim department of its office at Appleton, Wis., and before that at the home office. Wayne Turner of the home office succeeds Mr. Ungrodt at Appleton.

## Will Address Casualty Meet at White Sulphur



HALE ANDERSON

Hale Anderson, vice-president of the Fidelity & Casualty, is to be one of the speakers at the big casualty convention at White Sulphur Springs, W. Va., Oct. 8-10. This is the joint annual convention of the International Association of Casualty & Surety Underwriters and National Association of Casualty & Surety Agents.

### Nebraska Fund Attack Filed

Peterson Represents Companies in State Surety Fund Fight—Treasurer Hall Hedges on Cancellation

LINCOLN, NEB., Sept. 18.—C. Petrus Peterson, retained by the insurance interests opposed to the state going into the official bonding business and who propose attacking the validity of the law that compels all officers to patronize the state bonding company, will file his court petition during the current week.

State Treasurer Hall, who was directed by the state bonding commission to cancel his million dollar bond as of Oct. 1, says that he proposes to see that the cancellation is so hedged about with conditions that he will not be left without a bond should the courts finally decide the law unconstitutional. Under the Nebraska law he would be automatically put out of office if a bond were not forthcoming. He underwent this experience last January, and is now serving by appointment.

The bonding commission, in charge of the enforcement of the law requiring all public officers to buy their bonds from it, has issued directions that no other officer than the state treasurer shall seek to cancel existing bonds until the courts have passed finally on the validity of the act, now being tested in courts in the case of the state treasurer. This action was taken on the advice of the attorney general.

#### Freeport Casualty Outing

About 125 agents of the Freeport Motor Casualty from northern Illinois gathered at the Freeport Country Club for their annual gathering. This was the first such gathering since Paul F. Seitz was elected president of the company and he was in charge of the business sessions and other activities of the day. Among those who spoke were Secretary C. P. Young and Charles M. Fish, Jr., one of the new directors.

The St. Joseph Agency, South Bend, Ind., has been incorporated by G. U. Bingham, B. K. Patterson and H. R. Jellison.

## N. Y. Brokers Hear Debate on Compulsory Law Idea

### HARNETT ADVOCATES STATUTE

Motor Vehicle Commissioner Is Answered by Henry Swift Ives and Gay Gleason

Members of the General Brokers Association of the metropolitan district were treated to a debate on compulsory automobile insurance at their first fall meeting in New York. Speaking in opposition to such a measure were Gay Gleason of Boston, general counsel for the Employers Liability, and Henry Swift Ives, special counsel of the Association of Casualty & Surety Executives. Motor Vehicle Commissioner C. A. Harnett of New York advocated compulsory insurance.

Mr. Gleason said the original sponsors of compulsory insurance in Massachusetts are now clamoring for its repeal. He contended that the law was passed because of the dominance of lawyers in the legislature, who anticipated it would bring about a great increase in negligence litigation. This law, he contended, has engendered recklessness by relieving individual responsibility.

Mr. Ives declared that compulsory insurance is an adaptation of the old concept of justice wherein an offender discharges his duty to society by financially reimbursing the victim of his malfeasance. Compulsory insurance, he said, confuses the vital issue of accident prevention. Accident compensation, he said, should not be permitted to interfere with accident prevention.

Mr. Harnett admitted that compulsory insurance would not reduce accident frequency but he contended that it is needed in order to provide justice for the innocent victims of accidents. Financial responsibility laws, he characterized as "locking the stable after the horse is stolen."

## PERSONALS

H. J. Kennedy, vice-president and agency manager of the Great Lakes Casualty of Detroit, suffered two broken ribs and painful bruises in an automobile accident near Columbus, O., when he lost control of his car following a tire blow out and the machine ran through the ditch and came to rest in a corn field.

James R. Millikan of Cincinnati, manager of the Fidelity & Casualty and president of the National Association of Casualty & Surety Agents, and Mrs. Millikan, are spending a vacation at the Edgewater Beach Hotel in Chicago and left there this week by motor for Hot Springs, Va., where they will continue their holiday.

Harry Coffee, Oregon and Washington manager for Mutual Benefit Health & Accident and United Benefit Life, of Omaha, with headquarters at Portland, recently had an unscheduled and uninvited visit with President Roosevelt. Mr. Coffee, who pilots his own airplane, was enroute to the airport at Newark, N. J., when his plane was forced down on the President's property at Hyde Park, N. Y. Guards immediately investigated the sudden landing and low flight over the chief executive's house. Mr. Coffee's plane was surrounded by secret service men who were politely curious about Mr. Coffee's business and the reason for the abrupt call. Everything was explained satisfactorily with the secret service men giving the needed assistance. Just prior to taking off, Mr. Coffee spied the President on the porch and the President waved his cane gaily as the ship departed.

## Safety Advertising Program Is Recommended by Engineer

### PALMER TALKS TO AD MEN

Accident Cost to Insurance Companies Has Reached a Tremendous Sum at This Time

Lew R. Palmer of New York City, conservation engineer of the Equitable Life of New York, in his address before the Insurance Advertising Conference at Rye, N. Y., this week stressed the need of advertising safety owing to the fact that conduct is influenced by suggestion. He called attention to the fact that accidental death claims paid by 313 life companies last year amounted to \$90,000,000. In 11 years, he figures, it will cost life policyholders a billion dollars for accidents. This means a huge waste of life insurance assets in the field of that branch alone.

Independent of property damage the cost of accidents to casualty companies last year was \$316,000,000 and taking the 11 year period used for life companies, he estimates the total wasteage will be \$4,500,000,000. The National Safety Council estimates that the accident cost to the nation last year was \$3,500,000,000.

#### Should Support Safety Program

Mr. Palmer stated that when it is figured that the accident cost to insurance is more than \$400,000,000 annually then there should certainly be a national program of prevention. He believes that the insurance companies should establish a fund of \$1,000,000 to support such program. He thinks that now is the opportune time to capitalize on aroused public opinion. He thinks that this safety publicity should be applied to the automobile field in the same way that accident prevention and methods have proved successful in the industrial field, utilizing the principle of segregated responsibility and direct supervision. He advocated the contest plan in accident prevention, dividing cities into precincts, all listed in competitive groups.

#### Has Reduced Industrial Fatalities

The National Safety Council was organized in 1912 and 36,000 lives constituted the annual toll of fatalities in industry. Yet today the industrial deaths have been reduced to less than 20,000 per year. The automobile is causing 36,000 deaths now. There is a great field, he thinks, for cooperative advertising to stimulate safety. The National Safety Council, he said, would welcome the opportunity to develop and outline a national hook up program for a home safety contest. The results obtained through organized safety and industry largely due to the program of the National Safety Council wherein were recorded on a cumulative basis indicate a saving of 800,000 lives, he said.

## May Force Private Aviators to Carry P. D. Coverage

NEWARK, Sept. 18.—If the plans of the New Jersey aviation commission go through all private owners of airplanes will be compelled to carry adequate property damage insurance. Heretofore it has been optional on the part of such owners to carry such insurance, but inasmuch as the commercial airplanes carry insurance, the commission feels that there is no reason why private owners should be exempt or not compelled to carry insurance so as to protect property owners and lives in the event of an accident on the ground.

The annual fall meeting of the New Hampshire Casualty Adjusters' Association will be held Oct. 5, at Northwood Lake in New Hampshire.

## Gives Report on Progress of Accident & Health Week



STANLEY F. WITHE

Stanley F. Withe, publicity and advertising head of the Aetna Casualty & Surety and one of the directors of the Insurance Advertising Conference, gave a report this week at the annual meeting of the conference at Rye, N. Y., on "What Has Been Accomplished in Accident and Health Week." He told about the plans for the 1936 week which has been set for the middle of April.

## To Relinquish Jurisdiction on Casualty in Birmingham

BIRMINGHAM, ALA., Sept. 18.—The Birmingham Association of Insurance Agents has taken steps to relinquish its jurisdiction over casualty business. As a change in the constitution is necessary, the membership has been bulletined and a formal vote on the question will be taken at the Sept. 24 meeting. Little opposition is expected.

The move by the local board was actuated by the limited facilities at present for the placing of casualty business. A number of the companies have withdrawn from the state and others are stringent in the type of business written. If the board relinquishes jurisdiction, member agents will then be able to represent more than one company and to place business through non-member agents as well. Members of the board report trouble finding companies to take certain classes of business without any self-imposed limitations.

#### Jones Takes Over Branch

The underwriting department of the Kansas City, Mo., branch of the Columbia Casualty and the Ocean Accident will be taken over by the R. B. Jones & Sons agency. The engineering and claims department will remain in the same quarters that the company has occupied for several years. D. B. Griswold, manager of the companies resigned last month and A. H. Stofft, assistant manager of the home office agency department, has been in charge of the branch since that time. Mr. Stofft has now returned to New York.

#### Elliott Back with Williams

H. G. Elliott has been appointed special agent for the E. D. Williams & Co., general agency at Los Angeles for southern California. This appointment marks the return of Mr. Elliott to the firm with which he received his early insurance training, prior to his resignation a year ago to enter the local agency field.

## Companies Are Cautious in Accepting Long Haul Risks

### WILL WRITE IN CALIFORNIA

Inquiry Shows Bureau Carriers Are Requiring Rigid Program of Safety Work

While Bureau casualty companies do not expect uniform action as such in writing new business on long haul trucks, in accordance with the new California law which requires such concerns to carry public liability insurance, most of them will write the risks under specific conditions, according to a canvass of the "street" in San Francisco. Many meetings between company representatives—bureau and non-bureau—local agents, brokers and truck operators have been held during recent weeks. The operators have requested more liberal consideration as regards rates and coverages, expressing willingness to abide by a rigid program of safety education. The business has been so unprofitable, however, that most companies are considering offers with caution. On the other hand many operators have indicated they will accept the coverage from any type of carrier for cheap rates as long as they comply with the law.

#### Require Safety Work

Bureau companies, it was learned, are insisting upon a strict safety program, including physical examinations of both drivers and equipment, written tests, driving tests and similar activities. They are also writing the risks at manual rates plus a special surcharge until experience proves satisfactory.

Reciprocals formed during recent months to go after this long haul business are stymied by the new California law and probably will be compelled to start with at least \$100,000 reserve.

#### Cornett Sets Notable Record

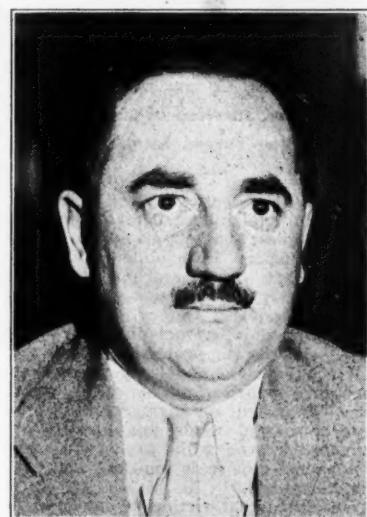
The territory under the supervision of the Columbus office of the Loyal Protective, W. B. Cornett, field director, produced 674 paid-for applications during President's Month, July 20-Aug. 20.

## Valuable Silicosis Book Is Put on the Market

THE NATIONAL UNDERWRITER is now selling the book entitled "Pneumonconioses and Their Allied Diseases." It refers largely to silicosis and gives the literature and laws of 1934, the book selling at \$7.50 until Nov. 1 when the price advances to \$10. There are 500 pages. The work has been compiled by Dr. George G. Davis, Ella M. Salmons, medical reference librarian, John Crerar Library, Chicago, and Attorney J. L. Earlywine, Chicago. In this book, the articles, papers, comments, discussions, etc., appearing in the United States and foreign countries in 1934, upon the increasing and expensive dangers of dust and dust diseases are given in abstract form, which constitute a valuable sort of reference on this subject. The abstracts will enable experts to determine whether they need to consult the originals for their elaborate findings or fullness of detail. They will provide the ordinary reader with brief and reliable information on this subject of current importance.

By ingenious indexes of authors and subjects everything can be traced down at a moment's notice. The digest of statutes and of cases pertaining to the law on occupational diseases in the United States, supplementary to, and bringing down to date the work of the editors' "Bibliography and Laws, 1933," has been compiled by Attorneys Earlywine and Karl Milgrom, and is included in this volume.

## Speaks at Meeting



OWEN B. HUNT

Insurance Commissioner Owen B. Hunt of Pennsylvania was one of the chief speakers at the annual meeting of the Pennsylvania Association of Insurance Agents. Commissioner Hunt is in demand as a speaker. Before he was insurance commissioner he was connected with the claim department for the Continental Casualty at Philadelphia and hence has an insight into insurance from very important angle.

## Escapes Liability Under Liquor Clause in Policy

The Michigan supreme court has handed down a decision relieving the State Farm Mutual Automobile of liability under the provision of the policy excluding liability for losses or damage caused while the automobile is being driven or operated by any person whatsoever either under the influence of liquor, or drunk or violating any law or ordinance as to age or driving license. The case was Schudlich vs. Yankee et al.

Schudlich was injured in a collision, the other car being driven by Yankee, who was insured in the State Farm Mutual. Yankee was arrested and charged with driving while under the influence of liquor. He pleaded guilty.

The supreme court held that Schudlich was not a party to the policy and the State Farm Mutual may rely on Yankee's breach of the provision relieving it from liability to the same extent it would be available to it had Yankee paid the judgment and brought an action to recover under the policy. Yankee testified that he was not intoxicated and would not have pleaded guilty had he fully understood the nature of the charge against him. However, it was Yankee's duty at that time to inform the State Farm Mutual that his plea of guilty was made under the circumstances he later testified to.

#### Pederson Succeeds Bolton

Joseph W. Bolton, well known former casualty manager of Chicago, who for some time has been manager of the casualty department of the George R. Hess & Co., general agency in that city, has resigned. Mr. Hess has appointed H. W. Pederson as manager of the casualty department. He formerly for six years was connected with Meeker-Magner Company, Chicago, and then after that for five years was with the American Casualty. He has had 20 years experience, much of it in connection with brokerage business. Mr. Bolton is opening a casualty general agency at 166 West Jackson boulevard, Chicago, and shortly will announce his company connections.



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U. S. Manager

CLARENCE T. GRAY  
Assistant U. S. Manager

## EDUCATIONAL SECTION

### Agents Have Opportunity to Get Back Some of the Best Automobile Finance Risks Going to Outsiders

J. A. Reid of New York, superintendent automobile department at the head office of the New York Underwriters, in his talk before the New Jersey agents dealt with a subject in which all are deeply interested, that being the effort to recapture automobile finance business. He called attention to the fact that in the days of prosperity much of the automobile finance business was diverted into non-agency channels largely due to the negligence both of companies and agents. This permitted the great national finance companies to set up plans to insure cars which they financed with consequent loss of agency income and prestige. Mr. Reid said that when one permits a finance or any non-agency organization to write any form of insurance for a client it weakens the agency position as insurance counsellor.

#### Effect of Inroads of the Finance Companies

During the last five years, Mr. Reid recalled, there has been a falling off in automobile premium because of fewer registrations, the replacement of higher priced cars with popular low priced ones, the continued use of old ones and the failure to carry insurance for economic reasons. The decrease would not have been so great had it not been for the inroads of the national finance companies. Mr. Reid finds that going into the files and examining policies shows that policies for the Commercial Credit Company representing business in three states averaged \$41.20; for the Commercial Investment Trust business in five states, \$34.72; for Universal Credit representing business in two states, \$34.72; for General Motors Acceptance Corporation representing five states, \$45.70.

Mr. Reid said that a typical national finance company consists of the parent organization well capitalized and controlling numerous operating companies of similar names created to comply with state laws. They operate through a network of branch offices. They are commercial bankers and automobile financing as a rule is only a part of their business. Salaried men contact dealers and solicit retail sales. In prosperous times the dealer would pay cash for his new cars. Now he must depend on a finance company. This is known as floor planning or wholesaling.

#### Demands First Call on the Retail Sales

The finance company which wholesales a dealer demands first choice of the retail sales. A dealer may patronize two or more finance companies so that he may have a market for his paper in the event that any one of them should refuse to buy it, particularly on used car sales. The dealer is not only obligated to the finance companies but to a great extent, dependent on them. There is keen competition for retail deals and each finance company tries to make its plan of operation attractive to the new dealer, either in the matter of rates, a liberal underwriting policy or a commission. The rate a finance company may charge is not controlled or subject to review by the banking departments of the states. Therefore, a lump sum figure is set up to include cost of financing, investigation, repossession, dealer's reserve and insurance. Only in a few states does the law require the finance company to furnish the purchaser with a copy of the insurance policy, showing the coverages and the premium charged. Even then there is no way of accurately determining what charge was made for insurance.

The laws of most states prohibit discrimination and rebating and since the insurance companies writing the national finance accounts, with one exception, are also doing an agency business uniform rates and charges must be used to avoid discrimination. Therefore, Mr. Reid said, when insurance is placed locally the agent should see that the assured secures a refund from the finance company equal to the premium it is charging for comparable business written through agency channels. So long as there is a profit in the insurance end, finance companies will resist all attempts to deprive them of the placing of it.

The average car buyer being indifferent and usually ignorant of insurance terms and phraseology is easily persuaded that the coverage furnished by the finance company is as good as that which he could get through an agent. It is only in the event of a loss, Mr. Reid declared, that he is disillusioned. He cited recent policies that have been investigated, issued through finance companies which did not cover the assured as they should. The speaker advised local agents to make contacts with assured, get the expiration dates of the finance company insurance and to try to sell other forms. This presents an opportunity to point out some of the reasons why insurance as well as other services and commodities should be bought at home.

#### Agents Can Do Much in Educating Assured

Mr. Reid thinks that agents can be great educators. He cited, for instance, a practice that his company started in getting out folders for agents to use and stuffers in mail. The folder enumerates some of the reasons why it would be to the purchaser's advantage to buy insurance locally. Its object is to gain an interview. The purchaser being a joint assured with an increasing equity and the one who pays for the insurance, has an equal right to decide who will write the business and to what extent his interest is protected. This, Mr. Reid said, is contrary to the mistaken belief of many that a mortgagee or finance company has a prior right to place the insurance. This is evidenced by the decision of the HOLC to place all insurance through local people. If an interview is secured, the agent should emphasize that the counsel and help of the local agent is available, both at the time the insurance is arranged and in the event of any claim. The remoteness of the finance company precludes the possibility of any such help. Furthermore, the finance company's primary business is to finance the sale of cars, the dealer's business is to sell them and the local agent's business is to insure them. Each has a proper part in the transaction and one should not usurp the functions of the other.

Mr. Reid said that there is little difference in a transaction involving a finance company and one involving the HOLC, except that one is handled by a government agency and the other by a private corporation. They both perform the functions of commercial bankers.

Mr. Reid believes that the organized agents can do much to recapture this class of business. Automobile manufacturers and dealers, he observed, are quick to sense sales resistance. Since both financing and insurance are dependent on the sale of a car, and the sale of a car is not absolutely dependent on financing or insurance, it is quite ap-

parent that the manufacturer whose primary business is to manufacture and sell automobiles will not permit the placing of insurance through a finance company to interfere with the sale of his product. Automobile manufacturers are spending large sums to create good will. It would be poor business judgment, in Mr. Reid's opinion, to permit any arrangement, even though advantageous to a finance company, to nullify the effects of the expensive advertising.

Mr. Reid feels that through cooperation with the local banks, the financing of retail car sales under a plan which assures the purchasers lower rates and provides for insurance written through local agents can be brought about. One of the first banks to appreciate the opportunity and to take advantage of it was the Commonwealth Commercial State Bank of Detroit. It continues to do a very profitable small loan business. The First National Bank of Kansas City, Mo., started in financing and cooperated with the Kansas City Insurance Agents Association.

#### Bankers are Interested in Financing Plans

Mr. Reid says that bankers in increasing numbers are becoming interested in financing automobile sales. The "Wall Street Journal" figures that upward of 200 banks are now participating in this business. If the banker is interested in diversifying his business, acquiring new accounts and making more money for his stockholders, a simple plan for the safe investment of the bank's funds, without any appreciable increase in the overhead can be offered. According to Mr. Reid, the plan should cover the following subjects:

1. Basis of Loans—All loans should be granted on a character basis, collateral being secondary.

2. Collateral—New cars only to be considered for loans with acceptances limited to popular makes listing under \$1,000. The list of acceptable cars will probably not exceed six. Popular cars listing under \$1,000 can easily be converted into cash if that should become necessary. The average amount loaned per car probably will not exceed \$500 and the maximum not over \$800.

3. Amount of Loan and Financing the Insurance Premium—The amount of loan is to be limited to two-thirds of the cash selling price plus the cost of insurance. By adding the insurance cost of the note the loan is in no way impaired because in the event of cancellation any unearned premium will be refunded.

#### How Banks Can Handle Financing Accounts

4. Methods of Handling—A small loan department can be inaugurated but it is not necessary. The plan is so simple in its operation that it can be handled with the present personnel. Payments are usually made into a savings fund account which the borrower is required to open with the bank. Some banks add a service and a filing charge in discounting the note. In some cases this amounts to 2 percent of the unpaid balance. In other cases a flat fee of \$2.50 is made. In such cases, it is customary for the bank to allow 2 percent interest on the savings fund.

5. Insurance—The borrower will be required to furnish comprehensive form and \$50 deductible collision insurance. In this way both bank and borrower are fully protected.

6. Wrongful Conversion—Since the plan limits acceptances to new cars of A1 ownership, the probability of a conversion loss is remote. The figures of the National Association of Sales Finance Companies shows the rate of skips per 1,000 was 2.1 percent. This reflects the experience of all companies doing all kinds of financing.

7. Repossessions—The rate of repossession, nation-wide, according to the same organization, is 2.3 percent. This is on the run of the mine business, with and without recourse, on new and used cars of well managed and some not so well managed finance companies. If fi-

## PERSONALS

**Richard H. Longmaid**, manager of the mortgage department of the Swiss Reinsurance group, has resigned to accept an appointment to the insurance companies division of the mortgage investment advisory staff of the Bond & Mortgage Guarantee Corporation of New York, President R. A. Brennan of the latter organization has announced. Before entering the mortgage investment field with the Swiss companies in 1933, Mr. Longmaid had been for ten years a casualty underwriter. Four years of that time was spent with the United States Casualty as a contact man in the metropolitan territory, as a result of which experience he wrote a text-book entitled "Adventures of Robert Ross—Insurance Solicitor," which was widely read.

**P. W. A. Fitzsimmons**, president of the Michigan Mutual Liability, has purchased the carillon which rang from the tower of the Hall of Science of A Century of Progress Exposition in Chicago and has installed the bells in a tower which has been erected for the purpose over the new home office building of the company at Madison avenue and John R. street in Detroit, which will be occupied shortly.

The carillon, which consists of 25 bells, was rung for the first time in its new setting on Constitution Day. Every day the bells will sound the Westminster chimes on the hour and half hour from 8 a. m. until 9 p. m., when curfew will be sounded by the playing of "The End of a Perfect Day." The company also plans to play 10-minute concerts daily at noon and 15-minute concerts on Sunday afternoons, with programs for special days.

nancing is limited to new cars only of selected makes being purchased by responsible parties, the probability of a repossession is very remote. If, however, it should become necessary to repossess, the bank's loan is amply secured with the down payment required plus the monthly installments collected.

Mr. Reid said that publicity should be given in the local papers emphasizing lower finance charges that the bank will afford. If the bank advertises its willingness to consider good automobile loans it will attract much of this business. A special letter should be sent out to the bank's depositors, calling attention to the service.

There is much benefit to be derived from automobile financing to the bank and community. At a discount of 6 percent the bank receives a high return, netting over 10 percent, yet the rate plus the cost of insurance is less than the finance company charge. Since many borrowers will pay the installments in person, there will be many opportunities for the bank to contact desirable prospective customers. Every agent will be directly benefited and every merchant will feel the effect of money being retained in the community. The borrower will save on the cost of financing. The insurance will be placed in a company of the borrower's choice at no additional cost with complete protection, which is not always the case when the insurance is arranged through a finance company.

Mr. Reid said that the proposed plan affords an equal opportunity to all agents to cooperate and it safeguards the business from future attacks. It opens the way for local board action.

#### Miscellaneous Notes

The Edward H. Sutton Agency of Cleveland has been incorporated by E. H. V. K. and F. T. Sutton.

The Nebraska National Fire of Omaha has been incorporated to take over the business of the Nebraska National.

A voluntary bankruptcy petition has been filed in the federal court at Buffalo by Thomas F. Street, Rochester, N. Y., local agent.

## Western Men Take Up Main Problems

(CONTINUED FROM PAGE 1)

agencies, the competition from non-affiliating institutions being measurably less than when such companies are represented in the same offices with association members.

Frequent complaint is heard, it was reported, of agents, notably those in Kentucky and Tennessee, using the long form mortgage clause on policies covering personal property. Members were asked to decline approval of all such policies and to report cases in violation that might come to their attention in violating as it does a matter of fundamental interest to companies and agents. The question of commissions to be granted on sprinklered risks not eligible to superior classification will be given further study by the committee.

### Commission on Supplemental Form

The suggestion of the committee that two rates of commission be applied to business written under the supplemental contract: the regulation fire commission to embrace all features save tornado, which last would be allowed its present rate, will likely be decided later, the rule of the Eastern Underwriters Association that the commission upon the supplemental contract be the fire compensation, is held illogical for the west, where the tornado cover under the contract constitutes approximately 17 per cent of the entire liability, as against a negligible percentage carried in the east.

A further committee recommendation was that the association appoint a committee to confer with like representation of the E. U. A. in an effort to agree upon uniform general commission and brokerage rules throughout both jurisdictions. A present regulation of the eastern body allows a 5 per cent overriding to certain types of binding offices.

Copies of the report of the committee on loss adjustments outside Cook County will be furnished members in printed form, who will be urged to support the effort of the association to hold stoutly against recognizing scorch claims especially, the prohibition in such direction thus far having saved the companies a substantial aggregate sum.

At an informal gathering of managers particularly interested in writing whiskey business, it was agreed that the rating bodies both east and west be requested to give careful study to the preparation of forms upon this class of risks. There was no mention of rate charge.

### Interest in Tornado Commissions

The members were particularly interested in the report of the governing committee regarding commissions on tornado business under the supplemental contract. In the central west the tornado business assumes major proportions, reaching about 17 percent of the fire volume which aggregated \$138,000,000 for the five year period ending Dec. 31, 1933. In E. U. A. territory the tornado commissions are the same as fire. However, tornado in the east is not featured nearly as much as in the west where there is an opportunity for developing a volume of a profitable nature. The fire commission varies and where the fire commission is under 25 percent, there is a tendency not to include the tornado coverage in the supplemental contract, yet to write it as a separate policy and get the regular tornado commission. While the Western Underwriters Association is seeking uniformity, many of the members feel that so far as tornado is concerned, it may be better for the west to follow its own course.

There was also keen interest in that part of the governing committee's report referring to instalment premiums inasmuch as several of the states forbid writing policies on the instalment plan. A subcommittee was appointed with W. D. Williams, manager of the Security, as chairman and it recommended that this matter be held back awaiting further development as other insurance de-

partments may take action prohibiting the use of this plan. In the governing committee report it included that of Mr. Williams subcommittee. It stated that the first objective was to convince the assured that he should budget his premium according to the rules. If he was to pay one annual premium on delivery, the balance of the first premium required to put the insurance on a budget basis to be paid in annual instalments with one-third or one-fifth of the insurance to be written each year for the full term. In order to finance the cash outlay to pay the first premium in order to get the insurance on a budget basis, it had been suggested to Mr. Williams' committee that a company-owned finance company be organized. However, it was found that private financing companies were willing to do this work. While the subcommittee was pondering over the matter, a number of insurance departments ruled against the writing of this instalment plan so nothing more has been done.

The attendance this year is unusually large, many company executives being present from insurance centers. Vice-president E. T. Cairns of the Fireman's Fund journeyed here from San Francisco. President Paul L. Haid, Insurance Executives Association; Sumner Rhoades, manager Eastern Underwriters Association, and Manager J. R. Dumont

of the Interstate Underwriters Board are on hand. C. A. Ludlum, former vice-president of the Home and former president of the Western Union, is here greeting old friends.

That relations between members are harmonious generally was evidenced by the statement of the grievance committee that not a single complaint had been lodged with it during the past six months the report of the Chicago committee as was anticipated would be the case proved a brief review of the arrangement recently effected between the association and the Chicago Board governing commissions and brokerages.

The status of the famous Missouri litigation was outlined in a letter from Robert Folone read by his associate E. H. Hicks.

The governing committee received for further study the matter of rates on public, religious and charitable institutions. Regarding supplemental contracts, it was decided commission on the tornado feature would be that now allowed for the line, while the committee will confer with organizations having jurisdiction over the other collateral fire covers on desirability of fixing commissions thereon the same as fire commission.

As to allocatory divisions of premiums on supplemental policies, the National Board actuarial bureau will be

asked to prepare a uniform plan for use by all companies. Approval was given the governing committee recommendation for conferences with the Eastern Underwriters Association, Southeastern Underwriters Association and other regional bodies to agree on uniform commissions, brokerages and rules. The committee on arrangements will take up with the governing committee later determination of time and place for the annual meeting.

On recommendation of the committee on order of business, there will be conferences with representatives of several organizations having jurisdiction over various special coverages embraced in the supplemental contract, as to allowable commissions, the Inland Marine Underwriters Association not being wholly satisfied with the program of the Chicago Board for writing the broad cover.

Chicago managers present were urged to get in touch with their representatives in that city further to consider the proposition. The public relations committee urges local men to move energetically in educating property owners on the advantages of stock insurance. Brief reports were made by the committees on maps, uniform forms, central traction and lighting and fire protection engineering.

**Conscientious in its conception of its obligations to agents and policyholders for fair dealing; rendering efficient service and dependable protection; the Bankers Indemnity enjoys favorable, nation-wide recognition.**

**BANKERS INDEMNITY  
INSURANCE COMPANY  
Newark, New Jersey**

*One of the American Group*



## COVERING A TERRITORY Thoroughly THE GENERAL AGENTS' WAY - an Excellent Way for YOU!

• An insurance specialist in his territory—that's a General Agent. He knows every step of it, covers it thoroughly, is familiar with local conditions, and is always ready to help you as a Local Agent, and not compete with you. Find out today about the General Agent's way—write the office nearest you or the American Association of Insurance General Agents, Travelers Bldg., Richmond, Va.

### ARKANSAS

Coates & Raines, Inc.  
Little Rock

### CALIFORNIA

Edward Brown & Sons  
San Francisco

### FLORIDA

Bradfield & Rhudy  
Jacksonville

### GEORGIA

A. H. Turner  
Atlanta

### KANSAS

Kansas Underwriters  
Wichita

### KENTUCKY

Bradshaw & Weil Gen.  
Agcy. Co.  
Incorporated  
Louisville

### MISSOURI

T. W. Garrett, Jr.  
Gen'l Agcy. Inc.  
Kansas City

### SOUTH DAKOTA

John M. Cogley, Inc.  
Sioux Falls

### TEXAS

Trezevant & Cochran  
General Agents Since 1876  
Dallas  
Cravens, Dargan & Co.  
Houston

Like a family doctor the General Agent nearest you is worth knowing. It will pay you to become acquainted with him.

## NEWS OF THE COMPANIES

### Report Made of Examination

#### Illinois Department Tells of Its Findings After Probe of the Washington National

The Illinois department has released its report of examination of the Washington National of Chicago, as of Dec. 31. The assets are \$3,457,700, contingency reserve \$23,982, capital \$600,000, net surplus \$700,000. The report says that the company is in an exceedingly sound financial condition, having a policyholders surplus of \$1,300,000, it being more than ample to meet any contingency which may arise. The investment portfolio is composed of high grade securities, lending themselves readily to liquidation. Claim payments have been made in accordance with the policy provisions. The report says that the general operating expense and loss ratio has been very favorable. Its natural growth, the report says, during its 12 years has been augmented by the acquisition of the life, accident and health business of the following companies in whole in some cases, in part in others: Washington Life & Accident, Fidelity Life & Accident, Federal Reserve Life of Kansas City, Kan., Continental Life of Missouri, American National of Texas, Greensboro Life of North Carolina, Peoples Life & Accident of Missouri, American Bankers of Jacksonville, Ill.

#### Has Fine Dividend Record

Since organization the report says, the earning capacity of the company has been such as to warrant payment of dividends with the exception of 1924. It has paid since organization in cash dividends \$1,733,540. This includes a stock dividend of 100 percent in 1929. The first year premiums last year were \$76,211 on life business and commissions \$50,248. The renewal premiums were \$75,919 and renewal commissions \$5,079. The industrial premiums were \$910,288 and the commissions \$209,224. Aside from the premium income, its other income was \$159,884. It paid policyholders \$233,745 and its other disbursements were \$841,225. The ordinary business written last year was \$4,679,708 and the amount in force was \$7,683,667. Its industrial business is force was \$29,350,857. The mortality ratio was 46.8 percent. The net rate of interest earned on mean invested assets was 3.5 percent.

#### Accident Statistics

In the accident department the premiums written were \$4,206,597, policyholders were paid \$1,691,593 and there were other disbursements \$2,002,240. There is \$385,281 premium reserve in the accident department. The losses incurred to premiums earned were 47.5. The underwriting expense was 49.8 and the total losses of expenses occurred to total income earned was 96.1 percent.

#### New Oklahoma Company Starts

The National Drilling Contractors Mutual Casualty of Tulsa, Okla., which was licensed last month, is writing workmen's compensation and liability other than automobile. It reinsures liability on a single risk over \$5,000 in London Lloyds. Fred H. Reush is president, Frank Wolfe, vice-president, and E. L. Fox, secretary-treasurer. W. G. Hartley, vice-president of the Insurance Service Company, is one of the directors.

#### New North Dakota Companies

The Dakota Mutual Surety of Bismarck, N. D., which has recently been incorporated, proposes to issue surety bonds on cigarettes and snuff dealers. Also incorporated in the same city is the Dealers Mutual Fidelity & Surety, which will offer a similar bond.

### New Mutual at Sioux City

#### Midwest Casualty Is Organized to Write Burglary and Holdup on Filling Stations

SIOUX CITY, IOWA, Sept. 18. With the organization here of the Midwest Casualty, Sioux City will again have a "Home Office." This mutual company starts with a deposit of \$25,000 with the state. The immediate motive for forming the company is the writing of burglary and holdup coverages on filling stations. The Iowa chain store act, now being contested, resulted in stations being rented out to individuals, instead of being operated in groups by the companies. Casualty companies have been frowning on filling station coverage for some time and the breaking up of the schedule possibilities has just about discouraged most of the companies. The Midwest Casualty is also permitted to write all automobile lines and practically all other casualty coverages. The agency setup will embrace the whole state, it is announced by the

organizers. The latter are not experienced insurance men and they have secured the services of E. R. Warmoth who has been connected with the State Farm Automobile Mutual of Bloomington, Ill., as underwriter. The president of the Midwest is Harry Lewis, head of the Lewis System which has long maintained here an armored car and burglar alarm service; vice-president is Clifford M. Everett from the advertising department of one of the local newspapers; secretary is L. D. Lloyd with some local agency experience; treasurer, C. M. Everett. Directors include George Silknitter, president of the Sioux City Stock Yards Company; Fred Jones, vice-president of the First National Bank, and Ryal Miller of the local Chevrolet company.

#### Writes Service Stations

The Mid-Western Casualty of Sioux City, a mutual, has been licensed in Iowa. It will write burglary and liability coverage for members of the Iowa Service Station Owners & Lessors Association. C. M. Everett is president and treasurer; Paul Lewis, vice-president, and L. D. Lloyd, secretary.

The Pioneer National Casualty of Des Moines, which was licensed by the Iowa department last month to write health and accident insurance, is now in full running order.

## ACCIDENT AND HEALTH FIELD

### Massachusetts Accident Is Now Increasing Its Plant

Carl K. Dellmuth, manager of agencies of the commercial department of the Massachusetts Accident, is touring through some of the western states in which the company is located, appointing general agents for the commercial department. The Massachusetts Accident has two distinct departments, industrial and commercial. The commercial agencies are largely conducted by life insurance men who want to augment their income while regular local agencies writing fire and casualty business that wish to add an accident and health department or by men in other lines that see an opportunity to develop the business, are named as general agents. Mr. Dellmuth is in Michigan this week. He will return to Illinois in due season and appoint general agents in some of the chief cities.

#### Earls-Blain Opens Department

H. R. Whiteside, for the past year and a half Ohio field man for the accident and health department of the Continental Casualty, has opened a new accident and health department for the Earls-Blain Agency of Cincinnati. It represents the Royal Indemnity, Sun Indemnity, Columbian National Life and has recently added the Hoosier Casualty. Mr. Whiteside started off his new work by qualifying for the Black Cat Club in the "Hoodoo Day" contest on Friday, Sept. 13. He wrote 16 accident and health applications, three above the required 13.

#### Blotters With A. & H. Message

Selling disability insurance by means of "blotter distribution prospecting" is just as good a means of getting premiums now as it was in the past. Agents who work this method of blotter distribution to make contacts and tell the story of accident and health insurance so testify. To supply the need for a blotter with a specialized accident or illness message, the Accident & Health Bulletins Service has recently issued a series of six blotters. In the past, the disability salesman has had to depend upon the stock blotter with a more or less commonplace advertisement. Through the cooperation of the Bulletins there is now available in each one of the blotters a direct insurance mes-

sage, so that the user not only advertises an agent or company but also brings home the need for income protection. Six blotters have been included in the series so far and they may be purchased in any quantity from 250 to 100,000, at reasonable prices, through the A. & H. Bulletins, published by THE NATIONAL UNDERWRITER at Cincinnati.

#### Hospitalization Outfit in Trouble

LINCOLN, NEB., Sept. 18.—Attorney-General Wright has petitioned the district court for appointment as receiver of the Hospitalization Corporation of Lincoln, an assessment insurance company which undertook, by the collection of monthly assessments upon members to guarantee the payment of their medical and hospital bills. It was operated by a Mrs. Buffum, and an examination by the department showed that assets had dwindled to practically nothing, while the company can neither collect what is due it from members or pay policy claims and other debts. It is also alleged that inexperience led to the payment of a number of claims where liability was doubtful.

#### September Ramey Month

During September, the field force of the Washington National is engaged in a contest in honor of the birthday of J. F. Ramey, vice-president and secretary.

#### New Sales Book Out

The Mutual Underwriter Company of Rochester, N. Y., has gotten out a new book entitled "Selling Disability Insurance," the price being \$1.50. It is a book dealing with selling, meeting objections, handling collections, lapses, reinstatements, etc.

#### Mike O'Sullivan Resigns

Mike O'Sullivan, vice-president Sun-set Mutual Life of Los Angeles, has resigned. He plans to take a vacation before reentering the business.

#### Clifton Agents on Outing

Bert Clifton, Wichita, Kan., manager for Mutual Benefit and United Benefit of Omaha, and Jesse Clifton, his brother, Enid, Okla. manager for the same companies, accompanied by 15 of their highest producers, were entertained at a dinner given by D. M. Brovan, superintendent of agencies, in Omaha this week.

From Omaha, the Clifton brothers continued with their combined crews to Minnesota where the agents are to be treated to a full week's outing.

#### Seattle Managers Meet

SEATTLE, WASH., Sept. 18.—The Seattle Accident & Health Managers Association held its first fall meeting. Dwight Mead outlined "Hoodoo Day" plans.

Robert Busbee, Aetna Casualty, spoke on "Selling Motives" in which he stressed personal service. W. L. Walz, Travelers manager said accident insurance is the finest contact link the producer possesses.

The International Travelers of Dallas has named F. M. Adams, Jr. as general agent at Houston. He formerly served in the home office in Houston.

#### Professional Standards Are Needed Among Producers

(CONTINUED FROM PAGE 39)

longer any real need for it or for what he can do.

The permanent social security plans, he said, have no taint of charity about them, nor do they contemplate making anyone a beggar for his own saving any more than if he invested his money with an insurance company. No private enterprise he declared, however sound or profitable it may be, can be stronger than the system on which it rests. The most powerful insurance company rises or falls with the fortunes of America as a whole, he added. Any uncertainty that applies to national welfare as a whole applies far more so to any private enterprise, however powerful it may be. The best possibility for increased prosperity for such enterprises, he added, lies in increased security, greater production of wealth and better distribution of it for the masses of the people. Social insurance, he contends, contributes toward that end. The men in the insurance business, he said, should realize that the way toward prosperity for their own business lies not in efforts to drive America further down to coolie standards but in general betterment of the national welfare and security.

#### Warns of Government Control

Mr. Hunt stated that the insurance business must do something to eliminate or reduce the irritating and pressing problems of workmen's compensation and the growing number of automobile fatalities or it can expect the government to step in within the next 15 years and take over insurance control. He said that workmen's compensation has been giving the insurance companies worry for 15 years. If the companies had written this line intelligently from its inception, he declared they would have made money on it. It is an actuarial problem and should be so handled, in his opinion. The government has stepped in where private enterprises have failed to solve a social problem.

#### Automobile Fatalities Heavy

Automobile fatalities, he said, constitute a social problem and the menace will have to be solved or the government will do it. Mr. Hunt said that the situation had brought about compulsory automobile insurance in one state which has not been very successful but a state government will work up something else to be tried, unless the insurance people devise some way to meet the situation. Commissioner Hunt said that prosperity is not just around the corner. He claimed that it is here. He asserted that the economic situation will not adjust itself. Business, he declared, will not jump on the highway of success without intelligent guidance.

#### Conochie Visits in Chicago

Lloyd H. Conochie, production manager of the Central Surety of Kansas City, was in Chicago last week, visiting friends.

#### C. A. Palmer Is Reelected Head of Advertising Body

(CONTINUED FROM PAGE 39)

dressed the conference on "The Insurance Company, the State and the People." Motion pictures were shown after dinner.

The members of the executive committee are: R. C. Dreher, Boston and Old Colony; S. F. Withe, Aetna Casualty; W. L. Lewis, Agricultural, and C. J. Fitzpatrick, United States Fidelity & Guaranty.

#### Alfred M. Best Speaks

Following the election of officers on Tuesday, A. M. Best, president Alfred M. Best Co., spoke on "How Can Honest Advertising Combat the Menace of Unsound Insurance." The members then went into group sessions with Stuart Benedict, Metropolitan Life, presiding over the life meeting and W. L. Lewis, Agricultural, directing the fire and casualty group. Class B members held an informal meeting at the same time.

There were two speakers at luncheon. Arthur Pryor, Jr., director of the radio production "March of Time" described his work. He is also vice-president of Batten, Barton, Durstine & Osborne, the advertising firm, and gave some interesting slants on the use of radio in general. A. B. Sikes, eastern manager, bureau of advertising, American Newspaper Publishers Association presented "Looking Into a Million Homes." "Insurance is sold to the mass of people, not bought by them," said Mr. Sikes. He stated that if they knew more about insurance they would not allow laws to be passed which would threaten its security. He declared that the job advertising may do for insurance today is to prove that it must be kept secure by those people who are policyholders and constitute the majority of the population.

#### Table Groups Formed

After luncheon, table groups were formed to discuss advertising printing, house organs, insurance press advertising, national advertising, newspaper advertising and radio.

The president's reception and annual dinner were held Tuesday night. F. S. Ennis, American Fore group, was in charge of the entertainment.

The meeting closed on Wednesday with a general business session and luncheon where J. B. Scarborough, advertising manager, "American Magazine," talked on the make-up of a magazine. It was illustrated with a display of art work and color layouts. He pointed out that the publishing of a magazine differs from other industries because an entirely new product must be brought out each time.

In the closing session of the Insurance Advertising Conference it was decided to hold the mid-year meeting in December at the Waldorf-Astoria hotel, New York City. The next annual convention will be in Baltimore. D. W. Gibson, Maryland Casualty, and W. L. Lewis, Agricultural, have charge of program arrangements for the coming year.

#### Apartment Owners Group Makes Deal for Cut Rates

Officers of the Owners & Lessees Apartment House Association of San Francisco have issued a statement to members stating that a deal has been made with an old line casualty company for liability insurance of association members to be written 50 percent off manual. This follows recent discontent and indignation over increase in rates by Bureau companies. The officers requested concerted action in reducing losses and joining with other members in accepting the "group" offer of the company, identity of which was not disclosed.

## UNUSUAL FORMS OF PUBLIC LIABILITY

FAIRS  
PARADES  
CELEBRATIONS  
ATHLETIC EVENTS  
BAZARS RODEOS  
HOME COMINGS  
STOCK SHOWS  
HARVEST FESTIVALS  
OUTINGS

Consult Our Special Risk Liability Department

### Great Lakes Casualty Company

131 West Lafayette Boulevard  
Detroit, Michigan

## Financial Stability

**SURPLUS**—It is rather unusual for an Insurance Company to have a Policyholders Surplus greater than its Liabilities, and Admitted Assets more than twice all Liabilities.

**An Important Item — Seldom Considered.**

## ILLINOIS CASUALTY COMPANY

J. L. PICKERING, President

SPRINGFIELD

Exclusively Automobile Insurance

## Observations on U. & O. Cover Looking for Revision

(CONTINUED FROM PAGE 21)

must carry more 'if it became necessary to increase the amount of daily recovery because of fluctuations,' that suggestion is not becoming to an underwriter. True, when pleading for the coinsurance form some years ago, certain ones (not underwriters) made the absurd claim that the per diem form required merchants to maintain insurance to 300 times the peak day's earnings in order to collect in full for that peak day, in defiance of the fact that we have had for many years fluctuating forms designed to adjust the insured's recovery over different periods to his estimated insurable earnings, under which forms the insurance need not be increased a farthing. Underwriters, at least, should see through the foregoing absurdity and not swallow the bait that was laid for them in the claim that insurance must be increased to meet the necessities of fluctuating risks.

### Rent and Rental Value Practice

"So far as Mr. Erion's proposed contribution (misnamed coinsurance) clause is concerned, with its provision that contribution be based on some term to be agreed upon, it must be admitted that the biggest sales resistance we now have to use and occupancy insurance is the necessity of basing contribution on the insurable earnings for the ensuing year. It must not be forgotten that Mr. Erion's clause carries with it the necessity of increasing the rate to correspond with the shorter term upon which co-

insurance is based. Those of our folks who insist upon adhering to the insurable value of one year, and insist that it cannot be done otherwise, forget that we use lesser periods in our rent and rental value practice—and rent and rental value is use and occupancy if it is anything!

### Fixed Amount Coinsurance Clause

"Your correspondent's suggestion of a fixed amount coinsurance clause is, in the opinion of this writer, open to more severe criticism than is Mr. Erion's proposal, for a percentage coinsurance clause has the merit of keeping pace with business earnings regardless of whether the term be agreed upon as six months or twelve. Mr. Erion, by the way, seems to scrap that payroll item, apparently regarding it as an expense undertaken to reduce the loss, but it doesn't always necessarily reduce the loss, as for example, when a merchant, during total business interruption, feels under the necessity of paying his more essential sales people in order to protect his organization. If our merchant friends prefer it as now, why not let them have it—but at our rate—just as they make their rates on commodities that they sell to us.

"It seems to this writer that our people might better forget the matter of rate for the present, and devote their attention to the preparation of a form that it at once readable, understandable, and consistent; one that meets the needs of business just as their needs were met by the introduction of that 'ordinary payroll' item, and then turn over to the actuaries the working out of a rate to fit the form, as was also done in connection with that payroll item."

## AMERICAN REINSURANCE CO.

Robert C. Ream, President

99 John Street

New York

DECEMBER 31st, 1934

CAPITAL	\$1,000,000.00
Surplus (at Market Values)	2,574,975.70
Voluntary Catastrophe Reserve	500,000.00
Reserve for Losses	2,690,601.13
Contingency Reserve	48,127.58
All Other Liabilities	1,110,130.69
TOTAL ASSETS	7,923,835.10

NOTE: Securities carried at \$739,222.50 in the above statement are deposited as required by law.

## CASUALTY RE-INSURANCE

## Opportunities for Salesmen in Income Insurance Specialists 48 States

• NORTH AMERICAN ACCIDENT  
INSURANCE COMPANY • 209 SO. LA SALLE STREET  
CHICAGO

Thirty-Three Years—Through Thick and Thin

## AMERICAN CASUALTY COMPANY READING, PENNSYLVANIA

• Experience gained through many and varied conditions removes the always dangerous snap-judgments and vacillating practices that bring gray hair to agents' heads.

A Stock Company

Supporting the American Agency System ever since

Incorporated 1902

## Ohio Machinery Runs Smoothly

(CONTINUED FROM PAGE 33)

registrar of motor vehicles, conducted a conference on the financial responsibility law, and E. J. Cole, president of the National Association of Insurance Agents, concluded the morning session with his address.

New officers and trustees were elected at the beginning of the final session on Wednesday afternoon. Raymond Rhoads, assistant insurance superintendent of Ohio, told of the results of the first examinations given to prospective agents. On Tuesday 10 were examined and nine passed.

Superintendent Robert L. Bowen of Ohio, immensely popular with Ohio agents, spoke on insurance racketeers and how they may be curbed. Fred M. Reynolds, state agent of the Stock Company Association, answered questions regarding the HOLC plan. F. J. O'Neill, president Royal Indemnity, gave the only address on casualty insurance. The convention was closed with the introduction and installation of the new officers.

## Ohio Association in Front Rank

(CONTINUED FROM PAGE 33)

every intention of making further advances this year.

Hugh L. Meek, Columbus, has given a good account of himself as president. He has worked in close association with Secretary John A. Lloyd, both being in the same city. Mr. Meek refused to allow his name to be mentioned as a candidate to succeed himself, and so capable and experienced F. P. O'Connor, Lima, is moved up from the vice-presidency to the top position. His advancement was popular and unquestioned. He is one of the stalwarts of the association.

### Annual Meeting Taken as a Serious Matter

The agents of Ohio take the annual meeting of their association seriously, and so always present a full and interesting program. This year the talks were many and varied. There were also committee meetings, a breakfast conference and some speakers who conducted what really amounted to an open forum. The whole arrangement permitted many to be heard. The question was asked that needed answering. When the convention closed the feeling was that at least the most troublesome problems had been cleared up, and a wide variety of subjects covered.

Although much has been accomplished, the Ohio association still have a great deal of work to do. The automobile business in the state must be stabilized. Unauthorized concerns must be curbed. The new qualification and examination law has to be observed and enforced. The interest of agents in the smaller cities and towns will have to be attracted to the association's work.

### Ohio Has Many High Grade Local Agents

Ohio is fortunate in that it has not a limited few but actually dozens of agents who are keenly interested in the general welfare of the insurance business and not just in their own affairs. In other words, the association does not lack presidential timber. The fact that an agent of the type of Hugh L. Meek is succeeded by an agent of the caliber of F. P. O'Connor illustrates the point. The very best agents in Ohio are, without exception, active in the promotion and maintenance of the Ohio association, which assures its permanency and continued development.

Some Ohio people have been fleeced as a result of the activities of certain unlicensed persons selling contracts which they claim are satisfactory as evidence of financial responsibility under the new financial responsibility law. Insurance Superintendent R. L. Bowen

stated in his talk Wednesday. He cautioned the public against purchasing insurance contracts from any other than insurance companies authorized to operate in Ohio, and from any persons other than licensed insurance agents or licensed solicitors.

The superintendent said that his office was informed that many people had purchased contracts thinking they would satisfy the demands of the financial responsibility law, when, as a matter of fact, they do not carry public liability and property damage clauses at all and will not meet the requirements of the act.

### Insistence on License Only Sure Protection

The only safe test, said Superintendent Bowen, is to demand of the person selling the contracts that he show his license as an insurance agent or solicitor. If he is licensed for an authorized company, the chances are the contract he sells, if it is in the company for which he is licensed, will be satisfactory.

The public was cautioned to be careful about purchasing insurance from unlicensed persons, and the department is doing everything in its power to see that the public is not defrauded by persons who are selling phony contracts.

## View Justice Court Actions Under Responsibility Act

COLUMBUS, O., Sept. 18.—Interpreting the new Ohio motorists financial responsibility law, John W. Bricker, attorney-general, has held that the registrar of motor vehicles of Ohio has no authority to revoke the right to operate a motor vehicle on the public roads and highways of the state, nor to revoke a license or permit to operate a motor vehicle as chauffeur or otherwise, nor to revoke the certificate of registration of a motor vehicle, where the person having such right has had final judgment rendered against him in an action for wrongful death, personal injury, or damage to property caused by such person's individual operation of a motor vehicle and has not shown proof of ability to respond in damages as provided in Section 6298-6, general code, unless such judgment has been rendered in a court of record in the state, rather than in a justice of the peace court. Attorney-General Bricker holds that the registrar has jurisdiction to cause such revocation when such person has been convicted in a justice of the peace court of the offense of operating a motor vehicle while under the influence of intoxicating liquor or drugs or failing to stop after an accident when required by law to do so, and such person has entered a plea of not guilty and waived right to a jury trial in writing and submitted to be tried by the justice of the peace, or where the accused has entered a plea of guilty and the complaint has been made by the party injured.

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In the insurance business, a good trade paper does not represent the companies as opposed to the agents or vice versa. It does not take the side of the large companies against the small and medium size institutions. It does not write up companies, nor does it write them down. It does not take up the cudgels for one group or interest against another. It is not a house organ for anybody or anything. In brief, it is a newspaper and journal of comment in the true, unbiased sense.

Such a trade paper is The National Underwriter. Our policy is to print everything that should be published for the good of the business as a whole, and to keep out of our news columns everything that might be injurious to the general

structure of insurance. It's a great deal more than merely a case of "all the news that's fit to print." The good trade paper must not only provide a news service; it must protect the business it is serving, provoke thought, provide stimulation, and give a far reaching voice to a business that might otherwise be comparatively inarticulate.

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